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NATIONAL INSTITUTE ECONOMIC REVIEW

This is a two-monthly review.
Every January the Review presents a full-length general survey of the economic situation.
Other issues contain a short general survey followed by special articles on topical economic problems and studies of underlying trends.

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CHARTS

SUMMARY

The measures taken by the Government are likely to moderate the growth of demand a little. But the outlook is still for expansion. Having taken some action, the Government now seems bound to follow a policy of wait and see for a time.

The home economy

There is no sign in production or employment figures of any check so far. Employment is still rising, unemployment falling. Demand for labour is high—though not at its post-war peak in any region.

The wage round has moved fairly rapidly ; higher wage rates and a shorter working week seem likely to raise wages per worker by 4½-5 per cent. Retail prices have been kept down so far by falling food prices ; with the higher tobacco tax, the rise in railway fares, and some price increases already coming through in intermediate engineering products, the retail prices index may be 1 to 2 points higher by the end of the year. Consumers' spendable incomes, in real terms, may by then have risen 4 per cent above a year earlier.

The rate of investment in stocks at the end of last year may have been bigger than the official figures show ; if so, this would confirm the view that there may be some decline this year in the rate of investment in stocks (not in the absolute level of stocks). But each other item of demand—fixed investment, exports, Government expenditure and consumption—seems certain to continue growing. Tighter credit may in time retard house building, but it is unlikely to do much to slow down the growth of other fixed investment. With such a firm upward trend in real personal incomes, consumer spending still seems bound to grow. Although by the end of the year hire purchase debt will probably have stopped rising, this is likely to be largely offset by reductions elsewhere in personal savings.

The balance of payments

Imports can hardly go on rising as fast as they have done in the last six months: if they did it would mean a quite unprecedented build-up of stocks of imported materials, which there is no reason to expect. Exports—judging from the trend in export orders—should continue upwards. Britain's current balance this year may be much the same as last.

The overseas sterling area countries—which had a very favourable balance of payments result last year—are now probably increasing imports more than exports. They are unlikely to build up their sterling holdings as they did in 1959, and the sterling area's gold reserves—judging from the trend up to April—may fall something like £100 million in the second half of the year. This would not be serious in itself: but if the prospect for 1961 were no better, the Government might later feel that it had to take action.

The world overseas

Of the primary producing areas, it is still only the sterling area which shows much rise in exports. There is little sign as yet that demand in industrial countries is pulling up primary product prices.

In the United States, there has been a hesitation : the rebuilding of stocks has been below expectations. Industry should invest much more this year than last and consumers' spending should go on rising ; but stock-building is bound to fall off, and national output may not go up much. United States exports began the year well, and its total balance of payments deficit this year—though probably still of the order of $2 billion—should be smaller than in the last two years.

In Western Europe, demand is continuing to rise strongly, though in a number of countries—in Germany in particular—labour is running short. The six countries of the European Economic Community are in a stronger payments position than other European countries; trade between the Six also rose a good deal faster last year than trade between the seven countries of the European Free Trade Area.

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The main conclusions of Mr. Little's article on " The strategy of Indian development " are given on page 29.

THE ECONOMIC SITUATION

HOME

The latest economic indications—which scarcely go beyond March—show demand and production continuing to expand rapidly. The main questions now are how far the growth of demand will be modified by the Budget and the new credit restrictions, and how the prospects for the balance of payments are developing.

Government measures

The Budget changes will not, in our view, significantly modify the trend of demand this year. The rising yield from existing taxes was expected in any event roughly to cover the increase in expenditure. The increases in tobacco tax[1] and profits tax will not make much difference. Since the Budget, the Blue Streak rocket has been abandoned. This will—though probably not immediately—reduce the budgeted growth of defence expenditure.

The call for special deposits is the first application of the scheme announced by the Bank of England in July 1958. The commercial banks have been ordered to place 1 per cent of their assets in a special account at the Bank of England.[2] These special deposits are to be regarded as illiquid, so that the commercial banks will be forced closer to the conventional 30 per cent liquidity ratio. This step is virtually the same as raising the liquidity ratio to 31 per cent.

Table 1. London clearing banks : ratio of advances to total deposits[(a)]

Per cent

	April 1958	April 1959	April 1960
National Provincial	34.9	42.5	47.4
Lloyds	31.6	39.6	45.8
Westminster	30.4	37.2	44.8
Barclays	27.2	35.3	44.1
Midland	29.1	34.4	43.0
Other banks	32.7	39.5	44.9
Total	**30.4**	**37.5**	**44.8**

Source : *Monthly Statement of Balances of London Clearing Banks.*

(a) Advances include items in transit. These can be excluded from the totals in April 1959 and 1960 ; the figures of 37.5 and 44.8 are then reduced to 36.0 and 42.9 respectively.

It is in itself a small step, and it will not necessarily stop the banks selling investments in order to increase advances. That will depend on how far the banks fall in with the tacit wishes of the Government, and, failing that, on how firm the Government is prepared to be in imposing its wishes. For some banks, the ratio of advances to deposits is anyway probably not far short of the level they regard as desirable (table 1).

How much the rise in advances might be slowed down—depending as it does on a kind of psychological warfare between the Bank of England and the clearing banks—is difficult to guess. During last year, advances rose £700 million, and up to April this year they have risen, if anything, faster—£275 million in four months.

A slower rise may not have much effect on spending. The rise in bank advances last year was equal to about two-thirds of the rise in the gross domestic product during the year ; it is difficult to believe that—had advances not risen—the gross domestic product, at current prices, would only have gone up 1½ per cent instead of 5. A large part of the rise must have gone to firms and individuals who like to have advances if they can get them, but can finance their transactions in other ways if they cannot.[3] It is not easy to say where the effects of a slowing down might be felt ; perhaps a little in housing starts (since many personal advances are made for house purchases), in stock-building, in the purchase of cars, and in a few small investment plans.

As a result of dearer money, the building societies experienced a decline in net receipts and some reduction in advances in the first quarter (table 2), and have now raised their lending rate to 6 per cent. This too may tend to slow down the growth of demand for houses, though the effect is likely to take time.

Table 2. Building Societies Associations :[(a)] receipts and advances

£ million

	1959 I	1959 IV	1960 I
Savings :			
Receipts	122	129	123
Withdrawals	60	75	80
Net savings	62	54	43
New advances	71	112	97

Source : *Building Society Affairs.*

(a) Covers 77 per cent of all societies, by assets.

[1]If the tax had not been raised, tobacco consumption would have risen, perhaps by about 4 per cent, or £40 million, and three-quarters of this increase would have gone in tax. In the Institute's view, the increase in price will have an effect on consumption, which may not now go up at all this year ; in this event consumers will pay an extra £40 million, all of which will go in tax, for about the same quantity of tobacco. The net effect of the change in tax, on this reckoning, is £10 million a year in additional revenue, and not £40 million, as given in the Financial Statement.

[2]For Scottish banks the figure is only ½ per cent.

[3]*National Institute Economic Review*, no. 8, March 1960, table 1, page 7.

The hire purchase restrictions are discussed on page 7. Altogether the effect of the general measures to check credit seems likely to be fairly mild. This is certainly true of the direct effects. There may be some indirect effect in checking investment, but probably not much. Unlike the measures taken in 1957, the measures taken this time—no doubt intentionally—do not appear greatly to have upset business confidence.

Stocks

The main uncertainty in present trends in demand is in the behaviour of investment in stocks. The official estimates show that from the Spring of last year onwards total investment in stocks (seasonally corrected) was slightly higher than in previous post-war years of expansion. But the estimates are uncertain and may be too low. There is an abnormally large discrepancy between the estimates of total national expenditure and those of total output (or of income) for last year : the estimates of expenditure fall short of the estimates of output, and so fail to explain where all the output went to. The most likely explanation is that investment in stocks, the figures for which are the least reliable, has been under-estimated. In table 3 below, the estimates of investment in stocks are compared with the result obtained if the whole discrepancy is added in. The truth probably lies between the two figures. (Some of the error is likely to be explained by other factors, possibly including an under-estimate of consumption.)

If investment in stocks has recently been running above £100 million a quarter, that increases the probability that it will decline this year. The tightening of credit would, if anything, encourage such a reduction. Compared with last year, that would imply a marked change in demand as the *rate of investment* in stocks—not the absolute level of stocks—instead of rising, began to fall.

Table 3. Investment in stocks

£ million, 1954 prices, quarterly rates, seasonally adjusted

	Normal estimate	Including discrepancy between expenditure and output
Year		
1958	+31	+ 29
1959	+45	+115
Quarters		
1958 I	+ 5	− 2
II	− 5	+ 50
III	+90	+ 33
IV	+35	+ 31
1959 I	−70	+ 88
II	+75	+ 67
III	+95	+137
IV	+80	+163

Source : *Appendix table* 1.

Table 4. Stocks related to output or sales

Per cent

	Retail stocks(a)	Stocks in manufacturing(b)			
		Total	Materials and fuel	Work in progress	Finished goods
End-1954	..	20.2	9.2	7.2	3.8
1955	8.3	20.4	9.2	6.9	4.2
1956	8.2	21.5	9.6	7.5	4.5
1957	8.5	22.0	9.8	7.7	4.5
1958	8.3	22.4	9.4	8.0	5.0
1959	8.3	21.4	8.9	7.9	4.6
Estimated value of stocks, end-1959, £ billion(c)	*0.9*	*4.6*	*1.9*	*1.7*	*1.0*

Source : *Board of Trade Journal, Economic Trends, Census of Distribution 1957*, NIESR estimates.

(a) End-December stocks related to total retail sales in December of each year, at annual rates (based on 1957 *Census of Distribution*) ; both figures are at 1954 prices.

(b) End-year stocks related to estimated value of gross output in the fourth quarter, at annual rates ; both figures at 1954 prices.

(c) At current prices.

Despite the uncertainty about total investment in stocks, the pattern shown by the available figures may have some significance. There appears to have been some build-up during 1959 in retailers' stocks—though in relation to sales they did not rise. Manufacturing industry's stocks of industrial materials were no higher at end-1959 than at end-1958—though they were rising at the end of 1959. As a result, since output went up so sharply during the year, the ratio of stocks of materials to manufacturing industry's output was abnormally low at the end of last year (table 4).

Although investment in stocks is likely to be stable or to decline in total, it will probably be more heavily concentrated this year on industrial materials. The import figures suggest that there was in fact substantial stock-building of imported materials in the first quarter (page 14).

Incomes

The first quarter's burst of wage awards continued in April. Since the beginning of the year half the workers covered by the Ministry of Labour's statistics have received wage increases, or reductions in hours, or both ; probably by the end of the year most of the rest will have obtained an award as well. (The railwaymen, who had an interim 5 per cent in

Table 5. Personal incomes

£ million, quarterly rates

	1959	Changes, 1957 to 1958		Changes, 1958 to 1959		*Possible changes, 1959 IV to 1960 IV*	
		£ million	Per cent	£ million	Per cent	*£ million*	*Per cent*
Wages and salaries ..	3,122	+ 85	+ 2.9	+105	+ 3.5	*+195*	*+ 6*
Forces' pay ..	98	+ 1	+ 1.5	− 2	− 1.8	*+ 4*	*+ 4*
Employers' contributions ..	246	+ 33	+16.6	+ 15	+ 6.6	*+ 15*	*+ 6*
Public authorities' current grants ..	409	+ 58	+18.5	+ 38	+10.2	*+ 21*	*+ 5*
Other personal incomes[(a)] ..	1,056	+ 56	+ 6.0	+ 63	+ 6.3	*+ 56*	*+ 5*
Total ..	4,931	+233	+ 5.2	+219	+ 4.7	*+290*	*+ 5½–6*
Less Taxes on income and remittances abroad ..	452	+ 17	+ 4.0	+ 14	+ 3.1	*+ 43*	*+12*
Less National insurance and health contributions	224	+ 30	+30.7	+ 9	+ 4.2	*+ 10*	*+ 4½*
Disposable income ..	4,255	+166	+ 4.3	+196	+ 4.8	*+237*	*+ 5½*

Source : *Economic Trends*, NIESR estimates.

(a) Professional persons, farmers, other sole traders and partnerships, and rent, dividends and interest.

February, should have the remainder of the Guillebaud award—at least another 3 per cent—in the near future.) The average award has been about 4½ per cent.[(1)]

Effect of shorter hours

Enquiries made by the Institute to a number of firms and organisations indicate that the impact of the shorter week on engineering firms has varied, as might be expected, according to how busy they are. The change took place only at the end of March. Firms or branches with idle capacity, typically in Scotland and the North, have generally gone over to 42 hours with little or no overtime. In the South and Midlands, where firms are busy, probably the majority have made little or no reduction in actual hours and have accepted two hours more overtime. There appears so far to have been little compensatory response in output per man-hour. The change appears commonly to have been used as an occasion to raise prices (page 7). These are tentative results. It is still early to see the effects, especially on productivity. The likely effect on the wage bill of the engineering industry is a rise of 4½ to 5 per cent. In the chemicals industry, there is greater evidence of a reduction in actual hours worked and of a compensatory rise in productivity. This may be partly because the change took place a month or more earlier than in engineering so that there has been more time for adjustment. But the lower proportion of labour costs in total costs, and better labour relations, seem to have been important.

Since salaries are likely to rise,[(2)] and employment is increasing, the total wage and salary bill is likely to go up quite rapidly. Wages and salaries together may well be 6 per cent higher than a year earlier by the end of 1960. In the past two years, other incomes—rent, dividends and profits, pensions, small trading incomes and post-war credits—have risen faster than wages and salaries. This year this is less likely to be so : decontrol of rents will cease to show its effects as markedly as before and dividends may rise less rapidly. Rough estimates of the possible change in total personal incomes between the end of 1959 and end of 1960 are given in table 5. Allowing for increasing tax liabilities as people's incomes rise, the increase in disposable income may be 5 to 6 per cent.

Prices

Recently retail prices have been kept stable by falling food prices (chart 1). Non-food prices have been drifting upwards for some time and are likely to continue to do so ; the rise in tobacco tax raised the retail prices index in April. Higher railway fares have been announced.

Reports that industry has been raising prices since the wage round are to some extent confirmed by the indices of April wholesale prices. A number of intermediate products, iron castings and aluminium products for example, show increases. Prices are likely to drift up during the year, and consumer prices to rise a point or two, unless food prices go on falling.

(1) This is the average change in *hourly* rates and thus includes the effect of reductions in the standard week.

(2) The Pilkington award will increase doctors' incomes by £11 million a year, with an additional £30 million back-pay this year.

Consumers' expenditure

Consumers' expenditure, seasonally adjusted, rose about 1 per cent in real terms in the first quarter of the year, after its jump of 2½ per cent in the fourth quarter of 1959. Consumption of durable goods rose 6½ per cent, while consumption of other goods and services rose ½ per cent. Car sales had risen some 40 per cent at the end of 1959 (table 6) as supplies of new models became available, and there was a slight further rise in sales in the first quarter of the year. Sales of household durables, which (seasonally adjusted) had fallen in the fourth quarter, recovered a little in the first. But the rise in clothing sales, which was considerable at the end of last year, was checked.

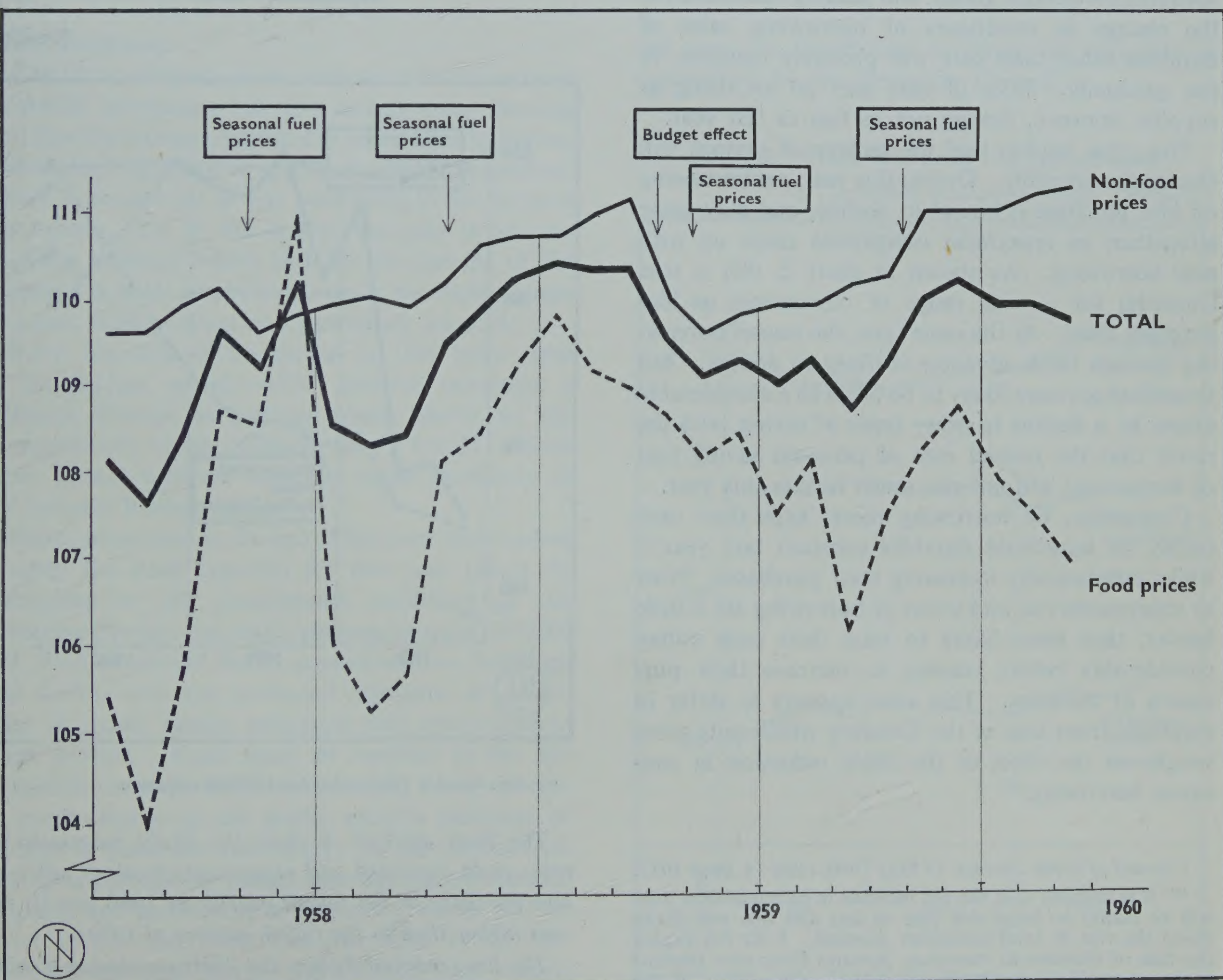
For the rest of 1960 consumers' real expenditure still seems likely to go on rising moderately fast. The trends in personal incomes and prices suggest that personal incomes after tax, in real terms, may rise by about 4 per cent or so between the end of last year and the end of this year. Spending seems likely to rise by not much less than this : and a large increase in the rate of saving seems unlikely.

The main question is the effect of lower consumer borrowing. The new hire purchase restrictions are not harsh. For furniture the prescribed terms—10 per cent down and two years to pay—are not very different from the terms on which most business was being conducted before the restrictions. The 20 per cent deposit for radio and electrical goods is rather more severe and may keep sales below the level they would otherwise have reached. The 20 per cent deposit is not likely to check new car sales much, since there are long waiting-lists.

Indeed the regulations can be criticised on the ground that they do not fall more heavily on cars, which really are in short supply, than on radio and electrical goods, which are not. As a result of the high home demand and long delivery dates for cars, the import bill is now being swollen not only by imports of sheet steel but also by imports of small cars.

Chart 1. Retail prices

Index numbers, January 1956 = 100



Source : *Monthly Digest of Statistics.*

Table 6. Consumers' expenditure

	Value in 1959, £ million,[a] quarterly averages	Per cent change in volume from previous quarter (seasonally adjusted)					
		1958	1959				1960
		IV	I	II	III	IV	I[p]
Cars, motor cycles	120	+17.9	−6.5	+24.4	−8.4	+39.8	+ 2.9
Furniture, etc.	119	+13.8	−3.7	+ 8.7	−2.7	− 1.8	+ 4.7
Radio, electric, etc.	96	+13.0	+1.1	+17.0	−3.9	−11.1	+12.5
Total of above	**335**	**+14.9**	**−3.1**	**+16.2**	**−5.0**	**+ 8.5**	**+ 6.0**
Clothing	360	+ 3.4	−1.2	+ 3.3	−2.6	+ 6.5	− 1.7
All other goods and services	3,198	+ 1.0	+0.6	+ 1.2	−0.9	+ 1.5	+ 1.0
Total	**3,893**	**+ 2.3**	**+0.1**	**+ 2.7**	**−1.5**	**+ 2.6**	**+ 1.2**

Source : *Appendix table* 8.
(a) Current prices.
(p) Provisional.

Judging by past relationships between income and spending on durable goods, and making allowance for the change in conditions of borrowing, sales of durables other than cars will probably continue to rise gradually. Sales of cars may go on rising as supplies improve, though not as fast as last year.

This view implies that the pattern of savings will change considerably. During this year, net borrowing on hire purchase is bound to decline, and may cease altogether, as repayment obligations catch up with new borrowing. As shown in chart 2, this is true (roughly) for a wide range of movements in hire purchase sales. At the same time, the rate of borrowing through bank advances is likely to decline. But these changes seem likely to be offset to a considerable extent by a decline in other types of saving, with the result that the overall rate of personal saving (net of borrowing) will not rise much further this year.

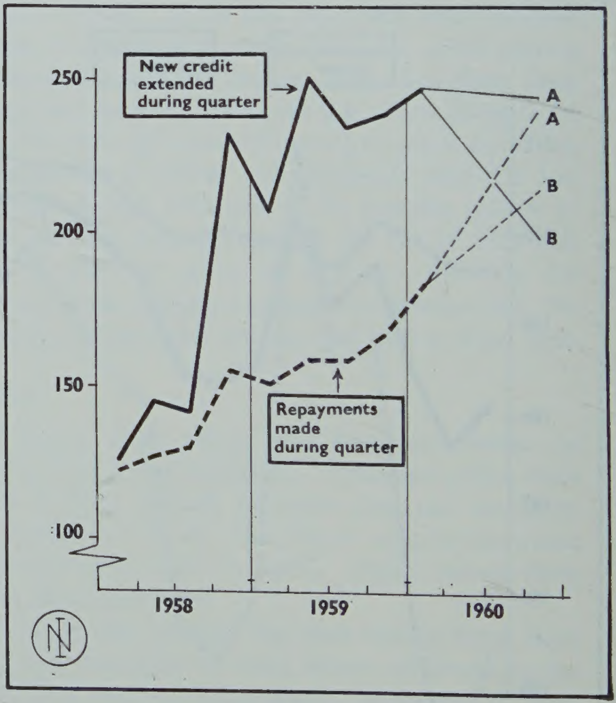
Consumers, by borrowing more, kept their cash outlay on household durables constant last year,[1] whilst substantially increasing their purchases. Now as repayments rise and terms of borrowing are a little harder, they seem likely to raise their cash outlay considerably before ceasing to increase their purchases of durables. This view appears to differ in emphasis from that of the Treasury which puts more weight on the effect of the likely reduction in consumer borrowing.[2]

[1] *Board of Trade Journal*, 13 May 1960, table 1a, page 1032.

[2] 'It is unlikely that the net increase in hire-purchase debt will be nearly so large this year as last and this will damp down the rise in total consumer demand. I do not expect the rate of increase in consumer demand from now onward to be as rapid as it was during 1959.' Chancellor of the Exchequer, *Hansard*, 4 April 1960.

Chart 2. Hire purchase : new credit extended and repayments made

£ million



Source : *Board of Trade Journal* and NIESR estimates.

The lines marked A show the likely movement of new credit extended and repayments made if sales on hire purchase in the fourth quarter of 1960 *are* 10 *per cent higher than in the fourth quarter of* 1959.

The lines marked B show the likely movement if sales, comparing the two periods, are 10 *per cent lower.*

Table 7. Forecasts of investment in 1960

	1959	Board of Trade enquiry into investment intentions, end-1959[a]	Increase forecast, NIESR, January 1960	Chancellor's Budget speech, April 1960
	£ million, 1954 prices		*Per cent changes*	
Housing	576		+10 (subject to bricks being available)	Continued increases
Public sector (excluding housing) ..	1,109		Up to +10	+6 for financial year 1960/61, equivalent to +9½ per cent for calendar year 1960
Private sector (excluding housing) ..	1,147		About +10	About +10
of which				
Manufacturing[b]	671	+14	About +10	
Other[c]	776	+20 for about two-thirds of this group[d]	Over +8	

(a) Enquiry in November 1959, results published in January 1960.
(b) Includes small amount of public investment.
(c) Includes distribution, and other services, private road transport and shipping, agriculture, etc. Figures shown are obtained as residual of private sector, and are slightly below actual private investment in these groups.
(d) Based on small sample of larger companies in distribution and other services, whose investment is believed to be more volatile than that of the whole group. Does not cover agriculture and shipping.

Fixed investment

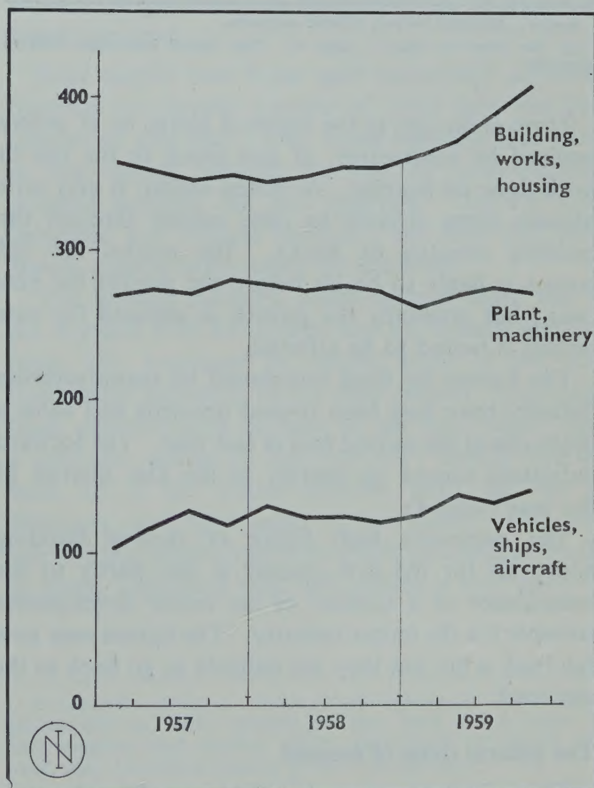
The latest evidence shows that the planned increase in public investment has now largely come through and that the increase expected in investment by private industry is beginning to appear in actual expenditure. There is no sign yet of any weakening in the demand for houses. Up to the end of last year it was the building industry which had felt the benefit of the recovery in total investment ; there was little change in home sales of plant and machinery (chart 3).

Some forecasts of investment in 1960 were given in the Budget speech—which showed, generally, a welcome change in putting some figures to the Government's views of likely future trends. These agree closely with the forecasts made previously in the January Review (table 7).

Public investment at the end of last year had reached roughly the level expected for this year (chart 4). According to the programmes published in the *Economic Survey*, the main increase between 1959/60 and 1960/61 should be in expenditure on buildings and works—with the continued expansion of investment in roads, health, education and other government services. Apart from an increase in the Air Corporations' expenditure on aircraft, there will not be much change in the public sector's purchase of vehicles or plant and machinery. In the nationalised industries the railway programme has almost reached its peak, and investment in electricity works will be about 10 per cent lower this year than in 1959/60. The National Coal Board, Gas Council, and Atomic Energy Authority plan to expand investment further, but these are insufficient to offset the reduction in expenditure by the Electricity Council.

Chart 3. Fixed investment, by type of asset

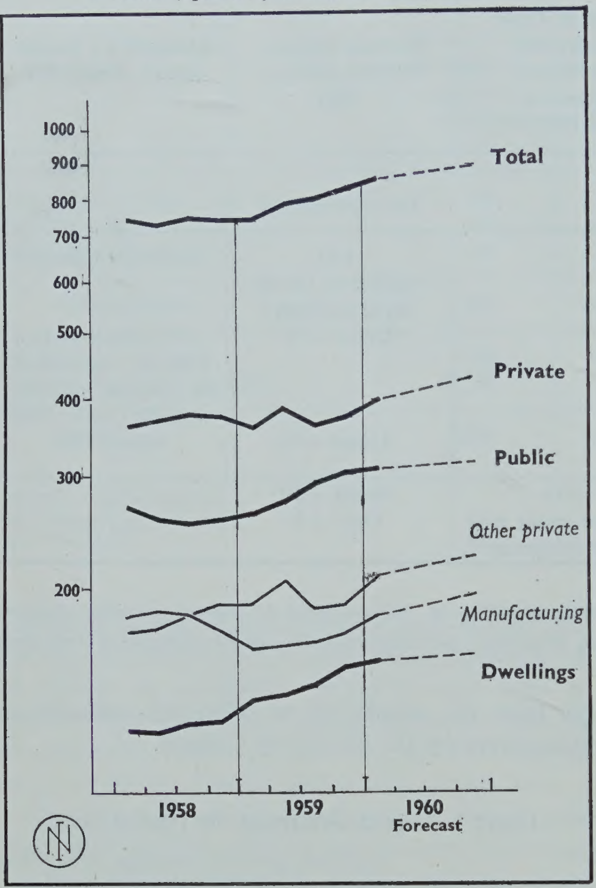
£ million, quarterly averages, 1954 prices



Source : *Appendix table* 9.

Chart 4. Fixed investment, by sector[(a)]

£ million, quarterly averages, 1954 prices, ratio scale



Source : *Appendix table* 9, NIESR estimates.
(a) See notes to table 7, page 9. The dotted lines show NIESR forecasts.

There is no sign in the figure of starts, or of orders received by contractors, of any check to the rise in work done on *housing*. As noted earlier, it may now become more difficult to raise money through the building societies or banks. The market for old houses is likely to be hit before the market for new ones ; but gradually the growth in demand for new houses is bound to be affected.

The figures for fixed investment by manufacturing industry have now been revised upwards and show a slight rise in the second half of last year. The forward indicators turned up sharply in the first quarter of the year (table 8).

The extremely high figure of factory building approvals for the first quarter is due partly to the coincidence of a number of the major development schemes for the motor industry. The figures may now fall back a bit, but they are unlikely to go back to the old level.

The general trend of demand

There is no reason greatly to modify the view expressed in previous Reviews that demand will

Table 8. Investment : forward indicators

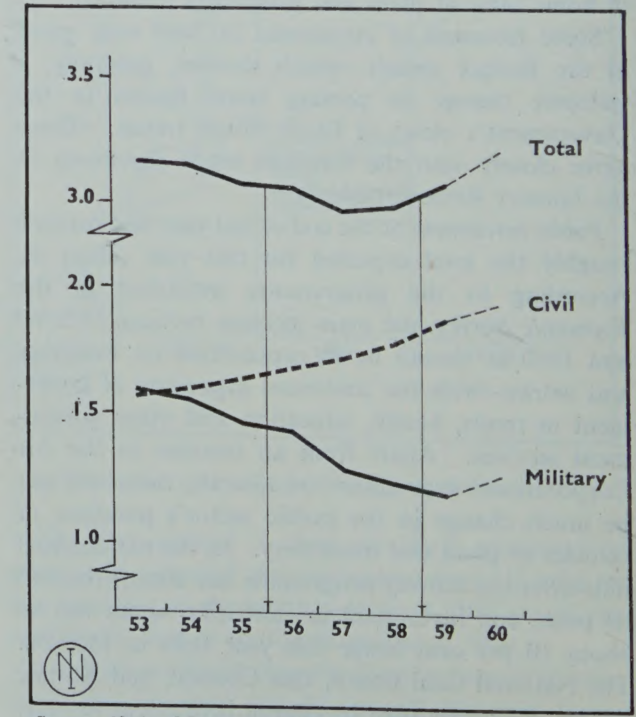
	Orders on hand in engineering and electrical industries	Machine tools: Net new home orders	Factory building approvals[(a)]
	Jan. 1958=100	*£mn. quarterly rates*	*Area: mn. sq. ft.*
1959 I	88	11.3	16.1
II	88	16.4	13.7
III	88	16.4	12.7
IV	90	17.9	15.7
1960 I	. .	. .	35.3
Jan.	93	23.7	. .
Feb.	96	28.5	. .

Source : *Appendix table* 11.
(*a*) Seasonally adjusted.

continue to rise at a high rate for the rest of the year. According to the Budget speech, public authorities' current expenditure on goods and services was likely to rise about 4½ per cent in real terms between 1959 and 1960 (chart 5). However, with the abandonment of the Blue Streak rocket, the rise should be smaller than was estimated : perhaps 3½-4 per cent rather than 4½. Exports, which are discussed below (page 12), rose 2½ per cent (in volume) in the first four months compared with the fourth quarter, and are likely to continue to expand and add to the upward trend in home demand.

Chart 5. Public authorities' current expenditure on goods and services

£ million, 1954 prices



Source : *National Income and Expenditure 1959*, NIESR estimates.

Table 9. Deliveries of engineering products

Index numbers, 1958 value = 100

	1958		1959				£mn, 1959
	I	IV	I	II	III	IV	
Non-electrical machinery	104	103	103	114	106	119	*1,059*
of which							
Textile machinery	104	105	106	109	104	138	*73*
Contractors' plant	109	95	109	127	134	138	*77*
Mechanical handling equipment	102	105	95	104	98	106	*86*
Pumps and industrial valves	104	103	100	104	97	111	*86*
Industrial plant and fabricated steelwork	99	101	92	91	87	97	*283*
Electrical machinery	100	112	97	102	99	115	*415*

Source : *Monthly Digest of Statistics.*

The present position may be summed up as follows. Investment in stocks is no longer an expansionary force (and may indeed be the opposite) but fixed investment, exports, Government expenditure and consumption each seems certain to continue growing. The hire purchase restrictions may moderate the growth of spending on durables, but, with such a firm upward trend in real personal incomes, consumer spending still seems bound to grow. The credit measures may in time retard house building, but they are unlikely to do much to slow down the growth of other fixed investment. Hence the outlook is for continued expansion with the Government measures having only a gentle moderating effect. The Government, having taken some action, seems bound to follow a policy of wait and see. The prospects for the balance of payments are discussed on page 15.

Production

There is no evidence in the production or employment figures that output is levelling off. Taking the first quarter as a whole, the index of industrial production was 2 per cent higher than in the fourth quarter.

Industrial production should continue to rise throughout the year, though very probably more slowly than it did through last year, when—for instance—steel output and car production rose 28 per cent and 42 per cent respectively ; increases of this order cannot be expected again this year.

In the *engineering and electrical industries*, durable consumer goods are no longer making the running, as they were up to the middle of last year[1] ; their output (seasonally adjusted) has been falling.[2] The output of television sets, for instance, is running below that of a year ago. Capital goods output is rising : delivery figures show a fairly widespread recovery beginning in the last quarter of last year (table 9).

Car output has continued to rise, in line with manufacturers' expectations reported in November last year.[3] Then, cars were being produced at a rate of 1.4 million a year, and manufacturers expected a further 10-15 per cent increase by the middle of 1960 ; already, in March, production (seasonally adjusted) was running at an annual rate of 1.6 million a year. A good deal of sheet steel is, as expected, being imported.

Steel output rose 4 per cent (seasonally adjusted) between the fourth quarter of 1959 and the first quarter of this year ; total home demand rose twice as fast—partly because the rate of stock-building doubled between the two quarters. Imports were increased and exports reduced ; the Iron and Steel Board expects both trends to continue.

The *building* industry, which faces a sharp rise in the demand both for houses and for factory building (page 10), increased its output about 4 per cent (seasonally adjusted) in the first quarter. Although brick production is running 10 per cent higher than a year ago, stocks are still very low ; usually they are built up in the winter months, until the end of February, and then begin to run down. This year the building season starts with only 160 million bricks in stock, compared with 460 million a year ago.

(1) *National Institute Economic Review*, no. 7, January 1960, page 10, table 3.

(2) *Appendix table* 2. Since consumption of these goods (seasonally adjusted) appears to have been rising (page 7), this suggests that stocks, which were built up during last year, may have been falling in the first quarter.

(3) *National Institute Economic Review*, no. 7, January 1960, page 11.

There are signs of a check to the rise in the output of *textiles* ; the index fell 2 per cent (seasonally adjusted) in the first quarter. Employment in textiles also is no longer rising.

The rise in production is beginning to spread to the laggard industries. *Railway* ton-miles were 7 per cent higher in the first quarter than a year earlier—though this was only half the increase in road ton-miles. Freight receipts, however, rose only about 1 per cent, because of more competitive charges.

In *shipbuilding*, though output is still falling, new orders appear to be coming in faster—though they are still lower than completions. In the fourth quarter of last year, new orders totalled 172 thousand gross tons, more than the total for the first nine months of 1959 put together ; and in the first quarter of this year, orders totalled 196 thousand gross tons.

In the *coal* industry, the only sign of recovery is that undistributed stocks have at last begun to fall appreciably, for the first time since early 1958. From the end of December to the end of April they fell from 36 to 33 million tons. But total output is still being reduced, and up to the end of April was 6 per cent lower than last year.

Employment and unemployment

Total civil employment (seasonally adjusted) appears to have risen a little more slowly in the first quarter of 1960 than it did during 1959 (table 10). But employment in manufacturing industry rose as fast as ever ; and in metals, engineering and vehicles it rose faster than it did last year. Employment fell in the first quarter in textiles, mining, agriculture and transport, and rose relatively slowly in distribution and other services.

Table 10. Civil employment

Per cent changes, seasonally adjusted

	Change from 1959 I to 1960 I[a]	Change from 1959 IV to 1960 I (annual rates)
Metals, engineering, vehicles ..	+4.6	+ 5.6
Textiles	+2.0	− 1.2
Other manufacturing[b] ..	+2.8	+ 2.7
Total manufacturing[c]	**+3.9**	**+ 3.9**
Mining and quarrying	−6.4	− 7.3
Construction	+1.7	+ 0.6
Total industrial production ..	**+2.5**	**+ 2.5**
Agriculture, forestry and fishing	−2.6	−18.4[d]
Transport and communications	−1.6	− 1.5
Distribution and other services	+1.1	+ 0.6
All employees ..	**+1.7**	**+ 0.8**

Source : *Appendix table* 3.

(a) Because of the change to the 1958 Standard Industrial Classification for the figures from May 1959 onwards, the changes in this column are subject to slight error.
(b) Includes gas, electricity and water.
(c) Excludes gas, electricity and water.
(d) The seasonal adjustment for the first quarter is doubtful.

While employment has been rising more slowly, unemployment has been falling a little faster ; proportionately more of the increase in employment seems to have been coming from the registered unemployed. In the six months from June to December 1959 unemployment fell (seasonally adjusted) some 25,000 ; it has fallen a further 38,000 in the first four months of this year. When the figures are adjusted to exclude school-leavers the April figure shows no check to the downward trend. Unfilled vacancies have also continued to rise—apart from a hesitation in March (when the seasonal adjustment is doubtful) (table 11).

Table 11. Unemployment and unfilled vacancies[a]

Thousands, seasonally adjusted

	Unemployed			Unfilled vacancies
	Wholly unemployed[b]	School leavers[c]	Temporarily stopped[c]	
1959 June	419.7	2.6	27.9	215.1
Sept.	403.6	29.7	10.9	248.8
Dec.	394.6	3.1	11.4	274.7
1960 Jan.	382.4	15.8	12.4	281.8
Feb.	378.4	5.7	18.7	293.5
Mar.	365.2	3.1	11.5	281.1
Apr.	357.0	14.2	10.0	297.1

Source : *Ministry of Labour Gazette*, and Ministry of Labour seasonal adjustments.

(a) Great Britain.
(b) Excluding school leavers and temporarily stopped.
(c) Unadjusted for seasonal variations.

The unemployment percentage in April was 1.6 (seasonally adjusted), compared with 2.2 a year earlier. The demand for labour—as measured by the difference between the vacancies percentage and the unemployment percentage—is high, but still, in each region, below the post-war peak (chart 6).

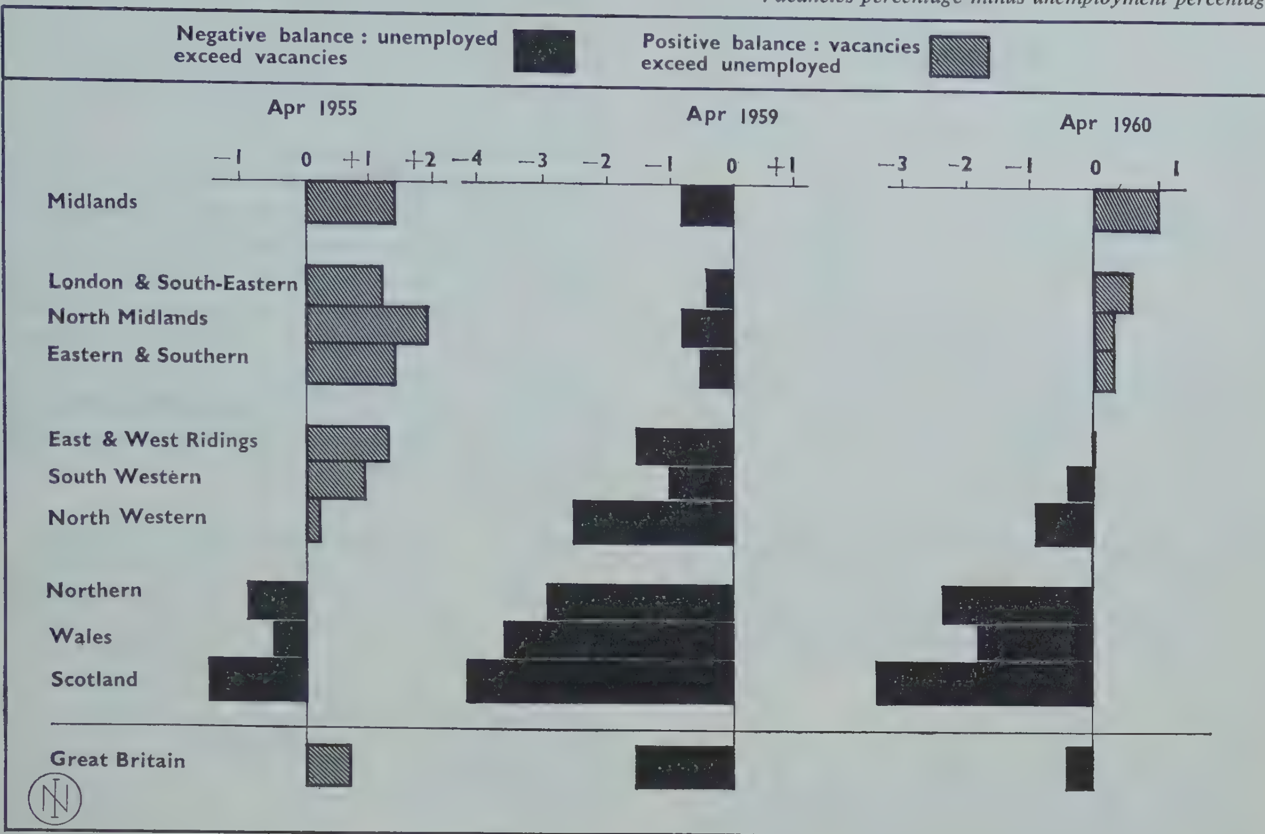
Exports

The volume of exports rose by about 2½ per cent (seasonally adjusted) in the first four months of this year, compared with the last quarter of 1959 ; this is roughly in line with the view[1] that over the year as a whole it might rise by about 7 per cent. Since January the figures have fallen ; but it is too early to conclude that the upward trend has been checked ; even after seasonal adjustment, the month-to-month movements tend to be irregular. The main increase in the first quarter was in exports to the Continent and to primary producing countries outside the sterling area (table 12). There was also an increase (after seasonal adjustment) in exports to Canada.

[1] *National Institute Economic Review*, no. 7, January 1960, page 28.

Chart 6. Unemployed and unfilled vacancies, by regions

Vacancies percentage minus unemployment percentage



Source : *Ministry of Labour Gazette.*

Table 12. Exports by area

£ million

	1959				1960
	I	II	III	IV	I
United States	78	99	91	93	95
Canada	40	57	51	59	54
Western Germany	32	34	34	37	42
Other Western Europe ..	186	199	180	208	218
Japan	9	9	7	7	7
Total industrial countries ..	**345**	**398**	**363**	**404**	**416**
Eastern area	22	16	21	27	31
Australia	52	56	51	64	62
India	38	45	41	47	40
South Africa	38	39	34	38	44
Other sterling areas	191	196	190	222	212
Total sterling area ..	**319**	**336**	**316**	**371**	**358**
Latin America	39	39	36	40	46
Other primary producers ..	65	57	52	59	69
Total primary producers ..	423	432	405	470	473
Total all areas	**790**	**845**	**790**	**900**	**920**

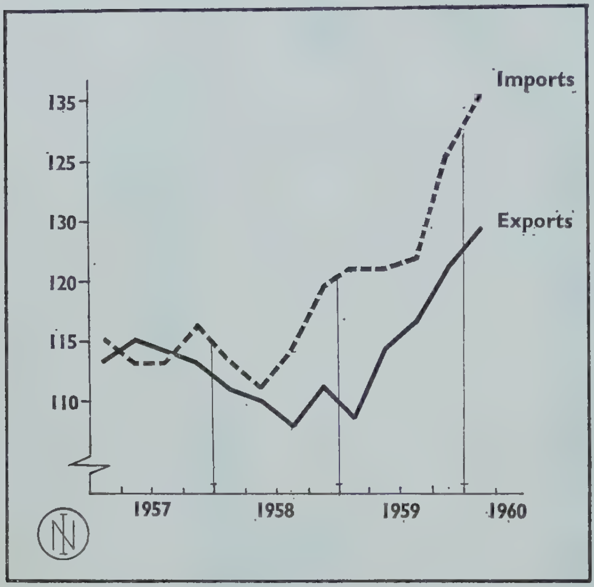
The analysis of trends abroad (pages 15 to 19) suggests that world trade should generally continue to expand ; and the statistics of Britain's export orders show quite a satisfactory rise in the first quarter. Orders on hand for export in the engineering and electrical industries—which provide nearly half our total exports—rose 8 per cent between December and February. New export orders for machine tools rose from £6 million in the fourth quarter of last year to a quarterly rate of £8.6 million in January and February.

Exports to Western Europe should go on rising, as demand there is still rising fast. Exports to the United States may have reached a plateau ; they have not risen since the second quarter of last year, and economic activity generally in the United States seems unlikely to rise much this year. Cars made up 23 per cent of our exports to America last year ; though sports cars and small cars may do well this year, the middle range of our exports is already suffering from the competition of the new compact cars.

The overseas sterling area should increase its imports throughout the year. It is a little puzzling that British exports to this area fell in the first quarter ; this is probably a temporary trough from which they should recover again.

Chart 7. Import and export volume

Index numbers, 1954 = 100



Source : *Appendix table* 14.

Imports

In the six months since the third quarter of last year, the volume of imports rose 12 per cent (chart 7). A good deal of this rise must have gone into stocks : the consumption of imports could not possibly have risen as fast as that. In manufacturing industry, the ratio of stocks of industrial materials to output had been run down in 1958 and 1959, and some rebuilding was due (table 4, page 5).

Table 13. Imports by commodity

	1960 I	Value: Change from 1959 I to 1960 I		Volume: Change from 1959 I to 1960 I
		£ million	Per cent	Per cent
Food	375	− 4	− 1	− 1
Tobacco	16	+ 7	+ 82	+ 76
Fuel	126	+ 10	+ 8	+ 19
Basic materials ..	258	+ 53	+ 26	+ 15
Semi-manufactures ..	220	+ 73	+ 50	+ 38
Finished manufactures	126	+ 46	+ 57	+ 65
Total	**1,125**	**+184**	**+ 20**	**+ 13**
Metals and ores ..	*133*	*+ 48*	*+ 56*	*+ 48*
of which				
Steel plates and sheets	*10.4*	*+ 8.3*	*+395*	*+338[(a)]*
Other iron and steel semi-manufactures	*8.6*	*+ 3.5*	*+ 41*	*+ 75[(a)]*

Source : *Board of Trade Journal.*
(a) Tons arriving.

Comparing the first quarter of 1960 with a year earlier, two-thirds of the rise in imports was in industrial materials (table 13), in particular imports of metals and ores. Finished manufactures accounted for the other third ; there was no rise in imports of food.

Manufactured goods continued to be the category which rose fastest.[(1)] Compared with a year earlier, there were particularly big increases in the imports of cars (+255 per cent), refrigerators (+361 per cent), motor bicycles (+122 per cent), ships and boats (+375 per cent) and toys (+120 per cent). There is some evidence in the figures of the effects of dollar liberalisation ; the United States share in our imports of electrical machinery, precision instruments and chemicals rose significantly in the first quarter of the year (table 14).

Table 14. United States share in certain imports

Per cent of total value

	1958	1959 I	1959 IV	1960 I
Machinery	30.1	29.8	26.8	31.5
Electrical machinery	30.4	31.7	30.0	36.4
Precision instruments, etc. ..	17.9	19.2	18.5	21.9
Road vehicles, aircraft ..	25.0	20.4	13.0	14.5
Chemicals	30.8	26.6	32.1	33.0

Source : *Trade and Navigation Accounts.*

On the most pessimistic calculations, it is clear that the volume of imports cannot go on rising as fast as it has done in the last half-year. If one assumes that the share of imports in food consumption and in industry's consumption of raw materials rises as rapidly as it has ever done, that imports of finished manufactures are 50 per cent higher than last year throughout the year, and that stock-building is on the scale of 1951, when the Korean War led to the biggest stock-building boom in our post-war history, on these assumptions the volume of imports would be 15 per cent higher than in 1959. This can be taken as the maximum possible estimate. Already in the first quarter, imports were 10 per cent above the average 1959 volume ; to reach a level of 15 per cent above 1959 they would only need to rise 3 per cent a quarter —half as fast as they have been rising from the third quarter of last year.

This is the upper limit of possibilities. A more probable view is that any further rise between now and the end of the year will be small and that for the

[(1)]G. F. Ray, ' British Imports of Manufactured Goods ', *National Institute Economic Review*, no. 8, March 1960, pages 12-29.

year as a whole, the volume of imports will be little more than 10 per cent higher than it was last year.

The balance of payments

Of the worsening of £93 million in Britain's current balance between the second half of 1958 and the second half of 1959, two-thirds was in visible trade, and one-third in net invisible earnings. The deterioration in the visible balance was explained by the sudden upsurge in imports at the end of the year ; all the worsening on invisible account was in the item which includes oil earnings.

Given that from now on the rise in imports should slow down more than the rise in exports, the current balance should improve, after two bad quarters ; for 1960 as a whole, the current surplus may be much the same as last year ; it is likely to be worse in the first half-year, better in the second.

A surplus of this order will almost certainly not be big enough to offset the outflow of long-term capital ; although, with oil companies cutting back their investment overseas, private investment may not rise much in 1960, Government lending is likely to be bigger this year than last. On current and long-term capital account together, therefore, Britain will fairly certainly have a deficit, as she had last year.

The reserves

Last year, the reserves were cushioned from the effect of the deficit because other sterling countries ran up their sterling balances by £184 million. It is improbable that these balances will rise much this year, and the weakening in Britain's monetary position—which appeared last year mainly in the rise in sterling holdings—will more probably appear this year in a fall in the reserves.

The movement of the reserves depends on the current and capital transactions of the whole sterling area with the non-sterling world. Table 15 shows the changes in four of the main items in these accounts in recent years.

Britain's current balance with the non-sterling world might move this year in much the same way as its total current balance—and be worse than it was a year ago in the first half of the year, and better in the second. There is no reason to expect any major change in the inflow of non-sterling capital into the overseas sterling area. But the overseas sterling area's current balance with non-sterling countries last year was unusually favourable, and this year, with their imports rising faster than their exports, it is almost certain to be worse.

In the first four months of this year, the reserves rose £34 million ; they might perhaps rise £50 million in the first half of this year, and fall back £100 million in the second half. A fall in the reserves of £50 million in a year would not of course be too serious in itself ; and the prospect that the United States may continue to have a considerable foreign deficit tends to reduce the risk of a loss of confidence in sterling. Nevertheless, the Government would probably take some further action if by the end of the year there was no prospect that the balance of payments would improve in 1961.

ABROAD

In the last two months there has been continued hesitation in the United States economy ; the prospect is that there will be little rise in output up to the end of the year. In Western Europe, on the other hand, the prospect is for continued expansion. There has been little change in the picture for primary producing countries ; sterling area countries' exports recovered at the end of last year, but their imports may now be rising faster. There is not much sign as yet of any recovery in other primary producing countries' export earnings.

The United States economy

At the beginning of the year it was generally expected that—with the steel strike over—the rebuilding of stocks throughout the economy would lift production rapidly through the first half-year at

Table 15. Sterling area transactions with the non-sterling world : the main items

£ million

	1956	1957	1958		1959	
			1st half	2nd half	1st half	2nd half
U.K. current balance	−154	−133	− 10	− 68	+ 37	−111
Overseas sterling area : current balance[a] ..	+ 59	−132	− 95	−119	+ 34	− 3
Overseas sterling area : net capital receipts ..	+158	+283	+206	+186	+169	+137
Change in gold and dollar reserves[b]	−160	− 75	+285	− 5	+130	− 65

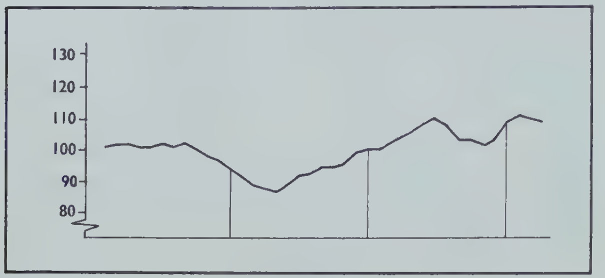
Source : *Appendix table* 23.

(a) Includes gold sales to the United Kingdom.
(b) Rounded figures, adjusted to exclude certain special transactions : U.K. transactions with the IMF, U.K. borrowing from and repayments to the Export-Import Bank, and German loan and defence payments in 1959 apart from local transactions in Deutschmarks.

Chart 8. United States : economic indicators

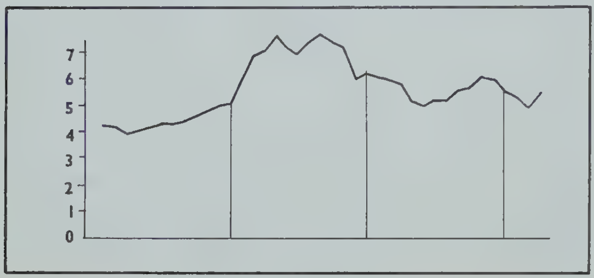
Industrial production

Index numbers, 1957 = 100, seasonally adjusted



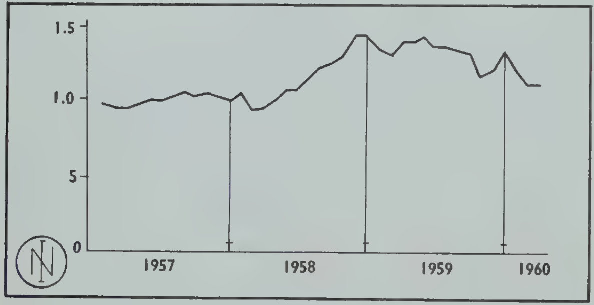
Unemployment

Per cent, seasonally adjusted



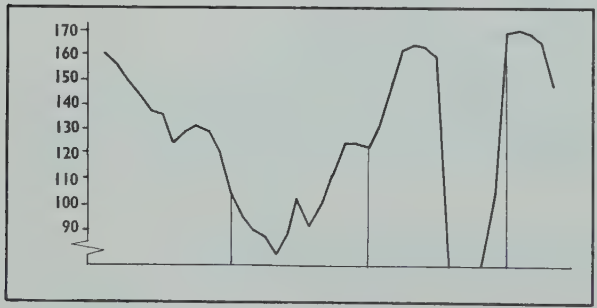
Private housing starts

Millions, seasonally adjusted, annual rates



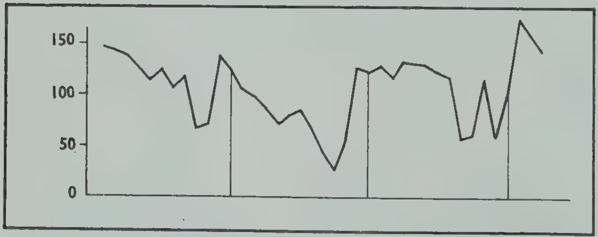
Steel output

Index numbers, 1947-49 = 100



Cars assembled

Thousands, weekly averages



Source : *Economic Indicators.*

least ; this has not happened. Industrial production, after rising 2 per cent from December to January, fell back 2 per cent in the next two months (chart 8), and stayed the same between March and April ; unemployment, seasonally adjusted, rose appreciably between February and March.

The rebuilding of stocks has been below expectations. They went up in January at an annual rate of $12 billion ; in February and March the rate was probably reduced to $7-8 billion, and the probability is that the rate will fall again. It may well reduce demand throughout the year.

Judging from housing starts (chart 8), house building will also be falling in the second quarter—by perhaps $1 billion. Nor is there likely to be much help from higher Government spending, either federal or local, and the excess of exports over imports will probably not increase.

Any further rise in the national product depends on consumption and on fixed investment other than housing. Capital spending seems certain to rise ; in each successive survey since the middle of last year, industry has raised its targets for fixed investment in 1960.(1) Increased capital spending could add $1½ billion, at annual rates, in each quarter from now on.

Consumers' expenditure should also rise. In the six weeks before Easter, department stores sold 11 per cent more than in the corresponding weeks of last year. But no major consumption boom is likely ; first, although average earnings have risen, employment has not been rising—there has been a rapid increase in productivity in manufacturing industry. Secondly, consumer debt is already heavy.

The slow rise in the gross national product may possibly be accompanied by no rise at all in the index of industrial production. Steel mills cut their operating rate from 93 per cent of capacity in mid-March to 78 per cent in mid-April ; even so, they were still producing partly for stock-building and output may well fall further. The car industry expected sales this year to be 15 per cent higher than last year, and a good deal of their output in the first quarter went into stocks ; now the industry has revised its expectations downwards to a 7 per cent rise on 1959.

In brief, the underlying tendency is one of slow continued growth—both fixed investment and consumption are expanding—overlaid for a while by a pause in stock-building.

(1)Last autumn, a survey of industry's investment intentions showed a likely rise of 10 per cent in 1960 ; a further survey in January and February suggested 14 per cent, and the latest survey, in late March and early April, 16 per cent. This last survey was conducted when industry was already aware of the slackening in output and of rather disappointing first quarter profits figures ; company profits in the first quarter were 5 per cent higher than a year earlier, but they fell short of the high figure in the second quarter of 1959.

Table 16. United States : changes in demand

$ billion at 1954 prices, annual rates, seasonally adjusted

	Value, 1958 IV	Change from previous quarter				
		1958				1960
		I	II	III	IV	I(p)
Consumers' expenditure on goods and services ..	278.4	+ 3.9	+ 6.0	+ 0.5	+ 2.3	+ 2.3
Government expenditure	80.8	+ 0.5	+ 0.1	− 0.4	− 1.9	+ 1.0
Gross fixed investment :						
Dwellings	17.6	+ 1.7	+ 0.9	− 0.5	− 1.0	− 0.1
Other	34.1	+ 0.5	+ 1.4	+ 1.1	+ 0.0	+ 1.3
Stock-building	+ 1.1	+ 4.6	+ 3.8	− 10.1	+ 3.4	+ 5.0
Net exports of goods and services	− 1.4	− 1.3	− 0.8	+ 1.6	− 0.3	+ 1.0
Gross national product	**410.8**	**+ 9.9**	**+ 11.4**	**− 7.8**	**+ 2.5**	**+ 10.5**

Source : *Survey of Current Business, Economic Indicators.*

(p) Provisional.

United States balance of payments

The United States total balance of payments deficit—on current and capital transactions—was bigger in 1959 than in 1958 ($3.7 billion as against $3.4 billion). Exports declined a little ; but the main change was in imports, which rose $2.4 billion (table 17). This rise was partly offset by a smaller outflow of private capital and some reduction in Government capital and grants. There were special factors in the rise in imports—for instance, high steel and copper imports because of the strikes, and a rise in coffee stocks of 50 per cent. There was also an appreciable rise—of $0.7 billion—in imports of manufactured consumer goods.

1960 has begun with a much better trade balance. In the first quarter, exports rose 10 per cent, and imports were unchanged, compared with last year's average. Cotton and jet aircraft account for a good deal of the rise in exports so far ; even so, there are reasons for thinking that the first quarter's high level will be maintained. Exports of iron and steel products should be higher ; shipments of cars appear to be recovering ; and United States exports now face far less discrimination overseas. Further, an official export drive, backed by a form of export credit insurance, is just beginning. Imports may not be much higher this year than last. Coffee stocks are high ; there is an improvement in home supplies of

Table 17. United States balance of payments(a)

$ billion, seasonally adjusted

	1958		1959	
	1st half	2nd half	1st half	2nd half
Merchandise exports (f.o.b.)	8.1	8.1	7.7	8.5
Merchandise imports (f.o.b.)	6.3	6.7	7.5	7.9
Balance of visible trade	**+ 1.8**	**+ 1.4**	**+ 0.2**	**+ 0.6**
Private remittances and pensions (outflow −)	− 0.3	− 0.4	− 0.4	− 0.4
Other net invisibles and military payments (outflow −) ..	− 0.5	− 0.5	− 0.6	− 0.4
Government capital and aid (outflow −)	− 1.2	− 1.2	− 1.2	− 1.3
Foreign long-term capital (inflow +)	—	—	+ 0.3	+ 0.3
United States private capital (b) (outflow −)	− 1.5	− 1.5	− 0.9(c)	− 0.7
Unrecorded transactions (inflow +)	+ 0.2	+ 0.2	+ 0.5	+ 0.3
Balance on current and capital transactions	**− 1.5**	**− 2.0**	**− 2.2(c)**	**− 1.5**
Outflow of liquid dollar assets (outflow −)	− 0.1	− 1.2	− 1.7	− 1.3
Outflow of gold (outflow −)	− 1.4	− 0.8	− 0.5(c)	− 0.2

Source : United States Department of Commerce.

(a) Excluding military grants.
(b) This includes some Government capital investment, and also includes repayments of Government loans.
(c) Excludes $1.4 billion subscription to IMF, of which $0.3 billion was paid in gold.

meat ; there should be no repetition of the exceptional imports of steel and copper ; and imports of foreign cars appear to be levelling off. If the first quarter's trade improvement is maintained, the total balance of payments deficit might be about \$2 billion smaller than last year ; if the outflow of private capital rises again—as it may well do—the improvement might be reduced to about \$1½ billion, leaving an overall deficit for the year of about \$2 billion.

Western Europe

Industrial production, after stagnating in 1958, rose rapidly in most Western European countries up to January this year (table 18). For Western Europe as a whole, the rise was much the same as in Britain—slightly faster in Germany, Italy and France, and slower in Belgium and the Scandinavian countries ; in Scandinavia there seems to have been little rise in the second half of 1959. (Although industrial production rose rapidly in France, the gross national product went up little—only about 1½ per cent between 1958 and 1959.)

Table 18. Industrial production in Western Europe

Per cent change during each half-year, seasonally adjusted

	1958		1959	
	Jan.-July	July-Jan.	Jan.-July	July-Jan.
United Kingdom	+1	+1	+ 5	+ 6½
Western Germany	+1	−1½	+ 6½	+ 7
France	+1½	−3	+ 6½	+ 9
Italy	0	+4	+ 3½	+12½[a]
Belgium	−4	0	+ 4½	+ 2½
Netherlands	+1	+3	+ 8	+ 4½
European Economic Community	0	− ½	+ 6	+ 8
Austria	−1½	0	+ 1½	+ 9
Denmark	0	+1½	+10½	+ ½
Norway	+2½	0	+ 8	− ½
Sweden	−2½	+2½	+ 2½	− 2½
All OEEC countries	0	0	+ 5	+ 7

Source : OEEC *Main Economic Indicators*.

(a) July-December.

In most countries, demand in 1960 seems to be rising strongly. France appears to be an exception : her index of industrial production fell quite sharply in March. Available surveys of investment intentions indicate a large increase in investment spending, faster than last year. A German survey (IFO) suggests that industry will spend 14-16 per cent more in 1960 than in 1959 ; in the Netherlands, Italy and Belgium investment is expected to rise by over 10 per cent ; in France (where investment did not rise last year) a rather smaller increase is expected.

Consumer demand is also likely to rise more rapidly ; wage increases seem certain to be larger than last year, and the rise in food prices at the end of 1959 has added to trade union pressure.[1]

It will, however, be difficult to increase production as fast as last year. In several countries, there is little more unemployed labour, and productivity is unlikely to rise as fast as during 1959. The shortage of labour is greatest in Germany where unemployment was down to 1 per cent (seasonally adjusted) in April, and there were more than twice as many vacancies as unemployed. Nonetheless, the rise in output in Germany is still expected to be substantial. (' It cannot be expected ', says the Bundesbank, ' that the real gross national product could be increased by more than 5½ per cent during 1960 '.)

Consumer prices have risen in a number of countries in the past year—in both Western Germany and the Netherlands, for instance, the February price index was 3½ per cent higher than a year earlier. But this rise has been more the result of last year's drought than of rising industrial costs. A number of governments, fearing further price rises, have taken steps to restrict demand. In Germany, the bank rate has been raised from 2½ to 4 per cent since September, the rediscount quotas allotted to the banks have been cut by about £300 million and the banking system's minimum reserve requirements have gradually been raised by some £380 million[2] ; in the Netherlands, investment allowances have been reduced, and there has been a tightening of the provisions which permit accelerated depreciation.

Western European trade and payments

The six countries of the European Economic Community started 1960 in a strong payments position. Their official reserves rose less in 1959 than in 1958, but this was entirely due to special payments made during the year (table 19) and in addition there was probably a rise in the unofficial dollar holdings of their commercial banks.[3] The distribution of reserves between countries improved ; France—whose position had been weak for a long time—and Italy between them gained over \$1½ billion. Western Germany ran down her official reserves over

[1]In Western Germany, for instance, the metal-workers union is claiming 10 per cent for 1 million workers.

[2]However, the effect of these measures is likely to be more psychological than directly restrictive, partly because the banks have even now been left with about double the liquidity ratio they had in the autumn of 1955 and partly because their ample holdings of short-term foreign assets, now rising again, can at any time be sold to the Bundesbank in exchange for Deutschmarks.

[3]This is probably part of the unidentified net inflow shown in the United States balance of payments, table 17, page 17.

the year as a whole ; but they began to rise again towards the end of the year and have continued to do so in 1960. This renewed inflow is probably explained by the reflux of short-term capital, now that German interest rates are higher ; it is not due to any big change in Western Germany's export surplus. France's reserves are still rising. Western European countries outside the Six—even after allowing for special payments—built up their reserves a good deal less in 1959 than in 1958.

Table 19. Western Europe : changes in official reserves of gold and foreign exchange

$ billion

	End-1957 to end-1958	End-1958 to end-1959 as recorded	End-1958 to end-1959 *adjusted for special payments*
The Six	+2.44	+1.52	*+2.53*
U.K.	+0.80	−0.33	*+0.28*
Other OEEC countries ..	+0.47	+0.25	*+0.30*

Source : *OEEC Economic Indicators, International Financial Statistics.*
(a) Repayment of IMF drawings, additional gold subscription to IMF, and advance repayments of loans to the United States.

Trade between the six countries of the European Economic Community rose much faster last year than trade between other members of OEEC—mainly the seven members of the European Free Trade Area (table 20). A slightly faster rate of expansion may explain some of this ; but the figures also show, probably, that the Common Market is having an advance effect in knitting the six economies more closely together.

In Western Europe's trade with North America, imports fell and exports rose for the second year running ; the rise in exports was over 30 per cent. Trade with other countries altered little.

Primary producing countries

The recovery in trade still appears to be confined mainly to sterling area countries. The exports of other primary producers were no higher at the end of 1959 than at the end of 1958. Sterling area countries' exports were over 20 per cent higher ; their imports rose little and their reserves increased substantially. Proportionately less of their trade was with Britain and other sterling countries last year, and proportionately more with the non-sterling world (table 21).

Not much information is available yet for the early months of 1960 ; but the indications are that overseas sterling area countries' imports are now beginning to rise faster than their exports. The Australian trade balance in particular has deteriorated a good deal since this time last year. South Africa has been losing reserves recently on capital rather than current account ; there has been heavy selling of shares by overseas investors. India also lost in the first quarter some of the reserves which she gained in the fourth quarter.

There is still no sign that rising demand in the industrial countries is doing much to pull up primary product prices. They fell a little in the first quarter of this year, recovered slightly in April, but are still lower than they were in December of last year.[1]

Table 20. The changing pattern of Western European trade

$ million, monthly averages

	1957	1958	1959	*Per cent change, 1958-1959*
The Six				
Intra-trade				
Imports	586	566	664	*+17*
Exports	596	572	667	*+17*
Trade with other OEEC countries				
Imports	335	320	347	*+ 8½*
Exports	448	450	492	*+ 9½*
Other OEEC countries				
Intra-trade				
Imports	886	864	932	*+ 8*
Exports	724	693	748	*+ 8*
All OEEC countries				
Trade with N. America				
Imports	677	537	508	*− 5½*
Exports	314	336	441	*+31*
Trade with third countries				
Imports	1,476	1,395	1,443	*+ 3½*
Exports	1,300	1,314	1,297	*− 1½*

Source : *OEEC Economic Indicators*, EEC, *Bulletin Général de Statistiques*

Table 21. Pattern of trade : overseas sterling area

£ million, quarterly averages

	1958	*Per cent*	1959	*Per cent*
Exports to				
U.K.	287	*31.9*	308	*30.3*
Other sterling area ..	178	*19.8*	194	*19.1*
Non-sterling countries	435	*48.3*	515	*50.6*
Total	900	*100.0*	1,017	*100.0*
Imports from				
U.K.	360	*30.4*	341	*28.4*
Other sterling area ..	204	*17.2*	207	*17.3*
Non-sterling countries	622	*52.4*	651	*54.3*
Total	1,186	*100.0*	1,199	*100.0*

Source : *Board of Trade Journal.*

(1)Appendix table 24.

THE STRATEGY OF INDIAN DEVELOPMENT

In this article, Mr. I. M. D. Little, who recently returned from India, gives his view of the problems of India on the eve of the Third Five-year Plan. Mr. Little is a Fellow of Nuffield College, Oxford. He was in India for a year as a member of the team sent by the Massachusetts Institute of Technology's Centre for International Studies. His main conclusions are given on page 29.

I. Introduction

India became independent in 1948. She is now in the final stages of preparing her Third Five-year Plan for economic development. The First Plan ran from 1950/51 to 1955/56 (British financial years). It has no relevance to India's present problems. It was small; it was an amalgam of existing investment projects with little or no conscious economic philosophy behind it. The Second Plan runs from 1956/57 to 1960/61. The Third Plan starts in April 1961.

The scope of the Plans

The Plans contain quite detailed output targets for both agriculture and industry. These are important for assessing the economic coherence and strategy of planning, and also the performance achieved, but output and employment are not directly controlled. Consequently, the important operative decisions are the investment decisions.(1) Public investment expenditure (and Plan expenditure) is closely and effectively controlled.(2) Private investment expenditure, as such, is not controlled, but licences are required for increasing factory capacity, for foreign exchange, and for some materials—steel, for example. There is no direct way of ensuring that private investment reaches the planned figures, but this has not been a problem, and is not likely to become one. While effective means exist for damping down private investment, if necessary, it is impossible to give an accurate estimate of how closely it conforms to the planned figures. Indeed there is considerable woolliness about both the concept and the magnitude of private investment. The Plan documents are imprecise about what is included. The only fairly firm figures relate to organised factory industry (that is, establishments employing more than 20 men, or more than 10 men with power), but this accounts for a very small part of private Indian output, though, doubtless, for a large part of investment. This is typical of the general difficulties of analysing Indian economic trends which result from the inadequacy of Indian statistics.(3)

Results so far

Planned investment in the Second Plan was £2,850 million for the public sector and £1,800 million for the private sector. This was about double the probable level of investment in the First Plan. The proportion of public investment (including stocks) allocated to industry, power and the railways (the heaviest import users) rose from 47 per cent in the First Plan to 55 per cent in the Second. Some other details of investment in the Second Plan are given later in table 23.

In 1957/58 there was a balance of payments crisis, and the Plan had to be cut, in spite of a hasty mobilisation of greatly increased foreign aid. Imports had been seriously under-estimated. There seem to have been two main reasons for this. First was the straight underestimate of the direct foreign exchange element in capital development, and of the material needs of full capacity working, due largely to inadequate information and inadequate work done on the problem. The second was that favourable monsoons during the First Plan had wrongly convinced people that an adequate upward trend in agricultural produc-

(1)Following Indian practice, investment and national income are, throughout, measured net of depreciation (for which allowances are very rough). Gross figures are not published.

(2)Plan expenditure and investment expenditure differ, for certain increases in current public expenditure are included in the Plan. But, throughout, only the estimated investment size and content of the Plans is referred to.

(3)It is impossible to let Indian figures speak for themselves. Sometimes they do not exist. Often they are years out of date. Always far more background is required for their interpretation than can be given in an article. National income figures exist, but are very unreliable. There is no series of investment figures, even for the public sector. Several different agricultural output estimates exist, and differ widely. Accurate output estimates exist for some particular industrial products. The balance of payments estimates are good, but trade figures are very unreliable for imports. In short, the reader must accept the author's judgement where figures are given or used, and must take them as orders of magnitude, except where the context implies otherwise, and he must not always expect sources or complete tables, which, if presented, would often shed more darkness than light. It is extraordinary what little fuss the Planning Commission makes about the poverty of Indian statistics.

tion had already been established. This resulted in the need for higher food imports than expected.

The real cuts were considerably greater than is evident from the figures in table 23, since industrial projects, especially the steel plants, cost much more than was anticipated. This was partly because prices rose, but mainly because of faulty estimation. Industry, power, and the railways, will have accounted for about 62 per cent of total public investment (including stocks). In spite of this, the real industrial investment achieved will have been considerably less than planned, although it was expenditure on the social services which was reduced most. Private investment may turn out to have been a little more than was planned in money terms, though not in real terms. Finally, foreign savings (the capital inflow, plus the fall in reserves, including some sales in silver to the United States) will probably turn out to have amounted to about £1,500 million, out of a total investment of a little over £4,500 million.

The growth of output under the First and Second Plans has been less than expected, but the growth of population greater. Since 1948, real national income may have grown by about 3 per cent per annum. Agricultural production, accounting for just on half of net national output, has probably risen about the same or slightly less fast. Since this latter rise owes nothing to population growth—there already being surplus population on the land in 1948—it is creditable by the standards of the past, though many other countries have done much better. The total rise of 35 per cent in the national income in 10 years is probably as great as in the previous 50 years. But the population has risen by nearly 20 per cent, so that the growth per head is little more than perceptible.

Industrial production was very sluggish in the crisis years of 1957/58 and 1958/59. This was partly due to shortages of materials and components, resulting from the severe import controls instituted in the crisis, but also partly the result of a deficiency of demand for textiles. But production has now risen strongly again, and the figures for 1959, when they emerge, will probably show a 50 per cent rise over 1951—a growth rate of 5½ per cent a year. The heavier industrial investment of the Second Plan can have had little impact as yet, and there is reason to hope that industrial production will now begin to rise faster. However, factory establishments accounted for only 8½ per cent of national income in 1957/58 (the latest available figures) and total industrial production, including mining and workshop enterprises, for only 18 per cent. Less than 3½ million persons are employed in factories. For some time therefore industrial production cannot have any large effect on total income and employment. A rough division of the national income by sources is given in table 22.

Table 22. Approximate division of the national income by sources in 1957/58

Percentages

Agriculture	47
Mining and factory establishments	10
Small enterprises	9
Transport and communications ..	5
Finance and commerce	13
Other services	17

The contents of the Third Plan

Little is yet known of the Third Plan, but provisional figures for the expected call on foreign aid, and for total public and private investment, and also a broad sectoral division of the planned investment, have been reported in the press, and given to the recent Bankers' Mission, headed by Sir Oliver Franks.[1] The figure given for public investment is £4,460 million, and for private investment £3,000 million. But prices have risen, and the definition and coverage of 'investment' has almost certainly changed. So a comparison of these figures with Second Plan figures is misleading, nor can price or coverage corrections easily be made. But the author's guess is that total planned investment in real terms is probably a little less than half as big again as in the Second Plan. The proportion of public sector investment (excluding stocks) devoted to industry, power and the railways, is expected to be 59 per cent.

The Indians expect to need £1,575 million of foreign aid, inclusive of private capital, but excluding refinancing loans and any P.L.480[2] they may get. The latter two items may each add about £375 million. Thus the total gross call on foreign capital may be £2,325 million, of which £1,950 million would represent new foreign savings. After making some allowance for private investment, net official aid might need to total about £1,700 million. If these figures were realised, it would imply that foreign savings would be financing about one quarter of Indian investment, as compared with one third last time.

The above figures on investment and foreign aid are summed up in table 23, where some further detail is given.

[1]See the letter to Mr. Eugene Black from Sir Oliver Franks, Dr. Abs, and Mr. Sproule. The letter emphasises India's basic needs, and generally accepts the strategy of her planning with only minor comments. It records the request for aid given below, but naturally could not commit itself to any view as to how much might actually be forthcoming, since this is a matter for the providing governments.

[2]This refers to the United States Public Law Number 480, under which surplus agricultural products are disposed of against payment in local currency. These local currency payments are mostly held by the United States Ambassador, before being ultimately lent or granted back to the purchasing government.

Table 23. Estimates of investment[a]

£ million at current prices

	Second Plan 1956/57 to 1960/61		Third Plan 1961/62 to 1965/66
	Plan	Probable out-turn	
Public investment	2,850	2,660	4,460
of which:—			
Agriculture, community development, irrigation	*595*	*485*	*890*
Power	*305*	*300*	*675*
Railways	*675*	*675*	*675*
Other transport, communications	*325*	*300*	*410*
Industries and mining	*595*	*675*	*1,100*
Social services and other	*355*	*225*	*410*
Investment in stocks	*(b)*	*(b)*	*300*
Private investment	1,800	1,900	3,000
Total investment	4,650	4,560	7,460
of which:—			
Investment financed directly or indirectly by foreign savings	*840*	*1,500*	*1,950*

(a) It must not be assumed that the operative definition of investment remains unchanged, particularly for private industry, for which the investment figures are very uncertain. Price changes also affect the figures for different sectors in different ways.
(b) Included under other heads.

II. The planning perspective

In spite of the growth achieved in the past decade, the state of India, on the eve of the Third Five-year Plan, is still one of dramatic poverty. Dietary statistics suggest that the majority of Indians are slowly dying of malnutrition : the expectation of life is still under 40 years. Yet medical discoveries have recently reduced the death rate to about 20 per thousand. Since there is as yet no evidence of a fall in the birth rate, which is close to 40 per thousand, the population, now about 420 million, is increasing at 2 per cent, or 8½ million, a year. This rate of growth might increase still further.

Of the 420 million, about 90 million are town-dwellers, and their number is growing at about 4 per cent a year, as a result of migration from the country, while the rural population grows at 1½ per cent a year. Under-employment in both town and country is extensive, and almost certainly increasing : indeed it is the most impressive feature of the Indian scene. It has been reckoned that 30 per cent of the labour force was under-employed in 1952-54 with as much as 12 per cent working quarter-time or less. This, however, over-estimates the labour reserve because of the high incidence of sickness.[1] Registered unemployment is small (1.4 million in December 1959) but is rapidly increasing, having almost doubled in the last three years.

But, in spite of the poverty and malnutrition, the severe under-employment, and the gathering threat of open urban unemployment, it cannot be easily assumed that the overriding objective of the Third Five-year Plan should be to increase consumption or employment. India's growth in the past few years has been heavily dependent on foreign aid (and reduced foreign exchange reserves). This will continue to be true for at least the next 10 years, but it cannot go on for ever. Consequently, India must also plan to develop and strengthen her economy in such a way that she can both rectify her severe foreign exchange deficit, and at the same time either make or buy the much larger quantities of capital goods which will undeniably be required to sustain a continued process of expansion. Moreover the need for future consumption (including government consumption—for example, defence) may become even more acute than in the present. There is both the threat of China and of an increase in the rate of population growth. So the Third Plan must be seen in the context of the Fourth Plan at least. Theoretically, indeed, there is no time-horizon beyond which the planner does not need to try to peer : but the end of the Fourth Plan will do to be getting on with.

The broad objectives

The official aims of the Indian Government, and their implied choice between the conflicting demands of the present and the future, are known. It is hoped to balance foreign payments without aid by the end of the Fourth Plan, that is, by 1970, with a rate of net investment of around 16 per cent of net national income. At present the rate of investment is probably only 10 per cent, with only 7½ per cent financed from domestic savings.[2] At the end of the Third Plan, in 1965, it is hoped that investment may have risen to 14 per cent, about 12 per cent being domestically financed. These figures are thought to be consistent with the investment of £7,460 million in the Third Plan, and of £11,250 million in the Fourth Plan. Thus it is hoped that the proportion of national income invested and financed by domestic savings can about double in the next ten years.

The strain which this achievement would impose depends greatly on the rate of growth of output and income. Provided that income grows at 5 per cent or more, these targets can be attained or surpassed if consumption grows by one percentage point less than income. Put like that, the task appears manageable—for consumption per head would probably be growing a little faster than in the past. In effect the idea is to

[1] *The National Sample Survey, Report No.* 14. March 1959.

[2] Investment, and the use of foreign resources, have both fallen since the peak of 1957/58, and income has increased. Over the whole Plan foreign resources may account for almost one-third of investment. See table 23.

Table 24. India's balance of payments

£ million

	1955/56	1956/57	1957/58	1958/59(p)	April-Sept.(p) 1959
Imports (c.i.f.)	571	824	903	785	355
Exports (f.o.b.)	482	476	446	432	205
Trade deficit	**89**	**348**	**457**	**353**	**150**
Net invisibles (including private donations)	66	84	75	68	28
Current deficit	**23**	**264**	**382**	**285**	**122**
financed by					
Official donations	36	30	25	31	16
Official loans	1	23	69	162	63
Other capital transactions	18	− 2	70	78	21
Drawings on I.M.F. and fall in reserves	− 15	212	221	32	20
Errors and omissions	− 17	1	− 3	− 18	2

(p) Provisional.

devote to investment most of the ' proceeds ' of the hoped-for increase in the growth rate. But the marginal rate of investment from domestic savings for the whole economy would need to be high—about 25 per cent. There is no possibility of this being achieved without increases in taxation which would be remarkable in the light of the recent past, although the resultant rates still need not be high by British standards. But if output fails to rise by 5 per cent a year, it would be difficult to increase investment to the extent indicated, and the hope of an adequate, self-sufficient, and soundly based growth by 1970 would probably have to be abandoned.

The above ideas have changed little since the beginning of the Second Plan. But, as noted earlier, success to date has been less than expected. Allowing for the change in prices (and a probable change in coverage) the Third Plan may be about 50 per cent larger than the actual achievement of the Second Plan, but it is about 20 per cent smaller than was originally envisaged in 1955/56.(1) It is certainly inadequate to the needs of the situation. Even if as successful as hoped, the standard of living will rise only slowly from its desperately low level, and it can make no great impact on the problem of under-employment. Moreover, if much more attention were successfully paid to consumption and employment within the framework of a plan of this size, then India would probably remain relatively as heavily dependent on foreign assistance as before. The question naturally arises as to whether the Third Plan should not be bigger.

III. The need for aid

Figures for the Indian balance of payments for the last year of the First Plan, and the first 3½ years of the Second Plan are given in table 24.

Savings and the pattern of trade

Owing to the present very small size of the capital goods industry and of the production of intermediate goods in India, programmes of industrial development result in a rapidly rising level of imports. More domestic savings can help to finance such programmes only to the extent that imports of consumption goods can be reduced, or exports expanded as a result of lower consumption at home. Some inessential consumption goods were imported before 1958. But the crisis of 1957 was not due to any large increase in imports of consumption goods and by 1958 such imports had been reduced to a very low level. Table 25 gives the author's estimate of the composition of imports in 1958/59.(2)

Excluding the unclassified items, £195 million consisted of consumption goods. But of this £140 million was food, of which about £85 million was received free as aid under P.L.480. Almost all the rest of the food must be imported as a condition of receiving P.L.480 aid (' normal marketing ' must not be disturbed). The small remainder of consumption goods (which includes at least £15 million of drugs) cannot be reduced much. By far the greater part consists of plant and equipment, and intermediates. Although some of the machinery and intermediates

(1) Roughly speaking, the levels of income and investment envisaged in 1955/56 for the period 1960-1970, in terms of 1952/53 rupees, remain as targets. But they are now in terms of 1957/58 rupees. This means that the anticipated levels of income and investment for the next ten years, while bearing roughly the same relation to each other, are in real terms lower by 10-15 per cent than they were expected to be five years ago.

(2) Official sources give a similar breakdown only for private imports, which are about half the total imports. The separate items are my estimates of the c.i.f. value of imports, whereas the total is an official payments figure. But it seems that the best estimate of total imports would be very close to the payments figure, which has therefore been used for the sake of convenience.

Table 25. Estimated composition of imports in 1958/59

	Value (£ million)	Percentages of total (excluding unclassified)
Machinery and defence ..	300	41
Materials and intermediates ..	240	33
Consumption goods	195	26
of which		
Foodgrains	*115*	*16*
Other food	*25*	*3*
Other consumption ..	*55*	*7*
Unclassified	50	
Total	785	100

may be 'near-consumption' goods, needing little further processing, it becomes clear that more taxation, or more private savings, could have done little to reduce imports. No doubt, heavier taxation might have reduced imports of foodgrains, but this would merely have been saving free imports.

Table 24 shows a steady fall in export receipts in recent years. This is partly a price illusion. And also, of course, the usual divergences of balance of payments and trade figures enter in. The volume index, which is probably very rough, runs as follows :

1952/53	*100*
1953/54	*100*
1954/55	*105*
1955/56	*115*
1956/57	*110*
1957/58	*117*
1958/59	*108*

The fall in 1958/59 was not due to the pull of the home market, being almost entirely in textiles where there was a large excess capacity. Indeed, textiles and tea, in both of which, though for different reasons, internal demand has been an unimportant factor, dominate the Indian export position. In 1958/59, tea, cotton and jute, and their manufactures, accounted for 54 per cent of exports, and other agricultural exports for a further 20 per cent. Other manufactures accounted for only 14 per cent.

In the short run, there is in fact little that India can do to increase her export receipts significantly. The demand for tea (which accounted for 24 per cent of exports in 1958/59) grows only very slowly, and is price-inelastic. For jute manufactures, the next largest export, there is a static market. It is difficult to get a larger share of the declining world market in low quality cotton textiles. Moreover any increased share in these markets would be at the expense of other poor countries. Thus, while there may be a few products of which more could be exported if home consumption were reduced, for example, vegetable oils, quantitatively the result would be very small.

One can conclude that domestic saving is no substitute for aid, so far as financing industrial expansion is concerned. India cannot herself produce the plant and equipment needed, and further austerity would not permit her to buy significantly more capital goods without foreign finance.

Aid for the Third Plan

What is true of the present will also be true for the Third Plan period. The need for aid will spring not so much from the limited saving potential of a poor country, but from the small size of the capital goods industry, and the very limited possibilities of expanding exports. The Third Plan will certainly require a very large increase in imports of machinery, and the invisible surplus will be much reduced by increased interest charges. In the category of intermediates, there should be a large saving in steel imports which may compensate for increases in fertilisers and probably in oil. Food imports may remain about the same, though it is expected that more will go into stock. As already remarked, it would in any case be absurd from the Indian as well as from the United States point of view to attempt to do without P.L.480. Imports of other consumption goods will be kept down to approximately the present low level.

But it is impossible from this, or indeed from any other, distance to make a detailed assessment of the import requirements. They are extremely hard to predict, depending as they do not only on the import content of new projects, but also on the whole development of Indian output (the more successful the output growth the greater the import saving). It has been seen that estimates of imports for the Second Plan were very low. But this time, they have been more carefully estimated. They certainly do not allow for any inflationary surge in the imports of consumption goods, and there is no reason to suppose that they are inflated beyond the needs of the situation.

On the export side, receipts are expected to increase by about 5 per cent a year, a considerable improvement compared with past trends. The biggest increases are to be expected in new products and intermediates or raw materials, especially iron ore and metals. It is very hard to suggest any road to a significantly better performance. Even allowing for the greater attention now being paid to exports, the growth expected may be optimistic.

Since no further use can be made of reserves, the expected need for foreign aid of £1,950 million implies an average deficit on current account from 1961/62 to 1965/66 of about £400 million. In view of the grave difficulties of estimation, this could be fairly

wide of the mark : but I do not think there is any good reason to suppose that it is not as realistic an estimate as can be made.

Dispensing with aid

If India is to achieve her aims of increasing incomes by 5 per cent a year at least, together with a much higher level of investment, a very large increase is implied in the use of machinery, and of intermediate products such as steel, oil, cement, fertilisers, and other chemicals. Sufficient provision also has to be made for the non-traded goods and services, power and transport. This implies either a very large increase in exports, or a large increase of import-substitution, or some elements of both.

The present pattern of exports has been discussed. It is a most unpromising basis for expansion. Any major expansion of exports could come about only if India deliberately set about producing new manufactures for export on a large scale. This would seem to be unjustifiably risky. So far as heavy products go, her geographical position is unfavourable except for certain limited eastern markets. In light manufactured products, it is unlikely that the required quality for international markets, and the goodwill going with it, could be quickly achieved. High quality requires experience, or high capital intensity. The former is lacking, and the latter is just what the few advocates of much greater emphasis on building for export seek to avoid. There is also the established competition of Japan and Hong Kong to be reckoned with in this field, as well as the danger of import restrictions elsewhere, like the United Kingdom protection of Lancashire and Dundee. Moreover it is very early for India to be able to guess where her comparative advantages will lie. There is also a more fundamental consideration that tells against a great expansion of exports : in a country the size of India, with a wide complement of natural resources, it would be surprising if it did not turn out to be economical for her to produce something of almost everything, and surprising if international trade should ever come to more than a small fraction of national income. (In 1957/58 imports were $10\frac{1}{2}$ per cent, exports $5\frac{1}{4}$ per cent of national income.)

Thus the relative attractions of import substitution are great. There is no doubt about the demand being there. One can, as it were, see what to produce. There are the obvious advantages of goodwill for domestic products, and transport costs act in favour not against them. Lower quality goods can be more easily absorbed. In short, the risks of failure are much less. This does not, of course, mean that export opportunities should not be explored. There is in fact a new awareness of the importance of exports. While India was certainly inadequately export conscious in the past, this is ceasing to be true. But there is no need to call in irrational autarky to explain the pattern of her planning to-day.

Imported consumer goods have been very largely replaced already. With the Second Plan, there began a phase of replacing the imports of intermediate products. The three steel plants formed by far the largest element of import substitution, and will have accounted for about 15 per cent of public investment. As a result, steel imports will be much lower from now on (in the first three years of the Second Plan, steel accounted for 13 per cent of all imports). Contrary to some impressions, investment in the production of capital goods—machinery, locomotives and so on—was a tiny part of the Plan. In the Third Plan the major emphasis will shift to fertilisers and machinery. The forthcoming rapid rise in these imports will consequently level off, or might even fall, by the end of the Fourth Plan period, that is, towards 1970.

IV. The planned pattern of output

While the balance of payments deficit, and the rapidly rising need for machinery, steel, cement, oil, coal, and chemicals, play a large part in the determination of the pattern of industrial development, they by no means dominate it. In the Second Plan, public investment in the ' non-importables '—electricity, transport, and communications—will have been more than twice as great as public investment in industry, and more than equal to total investment in industry. This will probably also be true of the Third Plan. Even so, to date, the provision of these services has lagged behind the demand.

But, naturally, if anything can be said to dominate the output-shape of the Plans it is the provision of consumption goods and services, which are quantitatively of far more importance than anything else. They are not neglected.

Food

Probably about 60 per cent of consumption is food. Foodgrains are about two-thirds of food consumption, and the Third Plan output target for foodgrains will probably end up as 100-105 million tons against $73\frac{1}{2}$ million tons in 1958/59—an increase of 36-43 per cent (around 5 per cent a year) compared with an expected increase in total consumption of about 30 per cent (4 per cent a year for 7 years). Free grain imports under P.L.480 will continue, but even if they are 1-2 million tons less, it is difficult to see that people will eat so much, for, assuming other food production goes up at least *pari passu*, it would mean increasing the proportion of food eaten as income rises, contrary to all observation. This could

come about only as a result of a large relative fall in food prices, or a large redistribution of consumption to the very poor, or both. Both may happen to some extent, but the price shift, to get so much food eaten, might need to be disturbingly large, unless there is a much greater increase in non-farm employment than seems to be planned.

Thus the output targets for agriculture may well be excessive. This does not imply that the Plan expenditure will be excessive. Whether it will be or not is exceedingly hard to judge, because it is almost impossible to relate increased expenditure on agriculture to increased output. It is even impossible to say at all accurately what part of the Plan expenditure is devoted to more food. Thus steel goes into dams for irrigation and into railways to deliver food, and so on. But a fair idea of the emphasis in different plans may be got by comparing the relative expenditures on agriculture directly, *plus* community development, *plus* irrigation and flood control, *plus* nitrogen production. Planned expenditure on these rose by about 40 per cent in the Second Plan, and may rise by 60 per cent in the Third. As a proportion of total Plan expenditure, it fell under the Second Plan but will rise under the Third.

Other non-food consumption can be dealt with briefly. Services form a large part, and aside from education and health (which there is no space to deal with here) can be left to look after themselves, as they require little equipment. Clothing, itself embodying a large agricultural output, is by far the most important of manufactured consumption goods, and there is at present considerable excess capacity. The rest is small, maybe 10-15 per cent of consumption. Much of it springs from cottage and small-scale industry, where production could probably be increased with little capital expenditure except for the provision of stocks. In general, there is no particular reason to suppose that the provision for extra factory-made consumption goods is inadequate—and indirect taxation can be used to damp down excess demand for particular capital-intensive products such as electricity and passenger travel, or those with a large import content such as cars.

The general pattern

To sum up, the determination of the pattern of output in the Second and Third Plans (and probably the Fourth) can be described as follows. First, there is the aim to produce enough food, together with sufficient other agricultural output to provide those raw materials and exports which can be produced in India, for example, tea, cotton, jute, coffee. No one doubts the importance of this : and no one could possibly argue that the targets are generally inadequate. Secondly, there is the need to produce sufficient of the highly capital-intensive ‘ non-importables ’, electricity, transport, and communications. Thirdly, the remainder of the available investment (and this remainder is limited by the foreign aid to be received) is or will be primarily devoted to import substitution. Some outputs, and targets, are given in table 26.

The most common criticism of Indian planning is that it has been, and will be, too much orientated towards heavy industry. It is true that agricultural production failed to rise fast enough in the Second Plan period. But it is being wise after the event to say that more attention should have been paid to it. Moreover it does not follow from the relative failure of output that there should have been more direct investment in it. Probably the surest way to have increased output more would have been to have had

Table 26. Plan targets for some key items

Item	*Unit*	1955/56 actual	1958/59 actual	1960/61 targets	1965/66 probable targets[(a)]
Output (*except where otherwise indicated*)					
Foodgrains	*mn. tons*	65.8	73.5	80.5	100–105
Tea	*mn. lbs.*	637	716[(b)]	700	
Jute	*mn. bales*	4.2	5.2	5.5	
Electricity (*capacity*)	*mn. kw.*	3.4	4.3	6.4	12
Coal	*mn. tons*	38.4	46.0	60.0	100
Finished steel	*mn. tons*	1.3	1.3	4.3	9
Cement	*mn. tons*	4.6	6.0	13.0	15.0
Cloth	*mn. yards*	6,573	6,786	8,350	
Fixed nitrogen	*'000 tons*	79	79	290	1,000
Cars	*'000 tons*	25.3	27.2	57.0	
Bicycles	*'000*	513	894	1,000	
Family planning clinics (*established to date.*)	*number*	147	878	2,647	

(a) No official targets are yet published. These are the author's guesses.
(b) 1957/58.

more heavy industry in the shape of more fertiliser plants.

Apart from food and agricultural materials, it is clear that, if India is to develop successfully, the most rapidly increasing demands will be for the products of mining and heavy industry—steel, electricity, coal, heavy chemicals, cement, oil, and so on. Who can seriously suggest that she ought to import these things—especially when in some of them at least (coal, steel) she has a marked comparative advantage? Yet she cannot plan to produce all she needs of everything. This brings one to the problem of an adequate use of India's own resources, which, above all, means an adequate use of her abundant manpower.

V. India's own resources

The need for making the greatest possible efforts to increase output is undoubted. Furthermore, the Second Plan did not provide enough jobs to keep pace with the increase in the labour force. It is doubtful whether the larger Third Plan will do more than keep pace, even assuming it is realised without any set-back. No real attack will have been made on the problem of under-employment. More employment would be of value in itself. But there is also a strong *prima facie* argument to the effect that output would also be greater if the available capital were combined with more labour.

Labour in industry

There is an apparent dilemma here. It has been seen that demand considerations tend to suggest that, outside agriculture, investment should be concentrated on typically capital-intensive products. The surplus of labour suggests the opposite. The best pattern of output is inevitably a compromise between these conflicting tendencies. Yet, even within a policy of import-substitution, there is some choice. India cannot, and does not want to, replace more imports than necessary. To take an example, it seems more sensible to go in for heavy machinery than oil refineries (unless, of course, as may be the case, some foreign resources are tied to oil refineries). Apart from this, one conclusion at least appears to emerge. Whatever is produced should be produced, if possible, by relatively labour-intensive methods. Against this, however, it can be argued that technology gives one little latitude. Nevertheless, there is often some room for manoeuvre. Even if western-produced or designed machinery gives little possibility of usefully employing more labour on the central productive process, there are ancillary processes—for example, materials handling and packaging—which need not be mechanised, but sometimes are. Outside factories there is probably more choice. Building can usually be of masonry, not steel and concrete. Atomic energy and the most capital-intensive hydro-electric schemes can be looked at suspiciously, and so on.

It is important to note, at this point, that the price mechanism in India is a poor guide to what to produce. That the most profitable things should be best presupposes that prices properly reflect the relative scarcities of different goods and services. But capital, labour, and imports are all very wrongly priced in this sense. Imports are much too cheap, the rupee being greatly over-valued. Capital is also too cheap, and labour too expensive. The price mechanism thus inevitably gives a strong bias to too great a capital intensity, too free a use of imported goods, and too little use of labour. It is tempting to suggest that efforts should be made to make prices more realistic. But there are considerable difficulties in the way. While devaluation would increase the rupee price paid for imports, which is as it should be, it seems quite probable that foreign exchange earnings would be reduced by a devaluation, unless export taxes, or similar discriminatory methods, were adopted. Also, whatever might be possible so far as import prices and interest rates go, wages certainly cannot be made to reflect the abundance of labour. The distortion of prices puts considerable difficulties in the way of rational planning, since planners inevitably work from the basis of estimates of actual cost and actual returns. In private industry, which follows the guide of profit without the correcting bias which planners can to some extent impose, all decisions tend to be slanted towards using too little labour, too much capital, and too many imports.

However, it is important not to exaggerate the possible benefits which might flow from an increased use of labour in industry and construction. Not only is industry limited in its flexibility, but it is also small: less than 3½ million are employed in factories. Also, most construction, although there is some unnecessary use of steel and concrete, is still highly labour intensive. Thus it is mainly in agricultural investment that any possibility exists of a greatly increased use of labour, though, to a lesser extent, possibilities also exist in the social services.

Labour in agriculture and the social services

Once agricultural and rural development is admitted into the argument, there is no doubt that many more men, many millions more, could be employed with the equipment that could be made available, even in the next five years. Men can work on improving the land with negligible equipment—shovels and baskets—which would not divert capital from industry. Agricultural reports testify to the almost unlimited work of this kind that could be done.[1] All of it might

[1] For instance, *Report on India's Food Crisis and Steps to Meet It*, Ford Foundation Agricultural Production Team, 1959.

not be very productive, but some would. The list includes contour bunding, terracing and levelling, drainage, irrigation ditches and minor canals, digging wells, fencing, making local roads and other constructions from indigenous material which can, again, be got with shovels and baskets. Some social services also fall within the class of needing negligible equipment ; for example, primary education and birth-control (education is certainly the main cost in birth-control). In this connection it should be noted that there is serious unemployment among those with university degrees.

But there is the well-known problem of preventing such greater employment from increasing consumption too much. This might result in inflation in the short run, and in the longer run it would be necessary to make a greater provision of capital for the production of factory-made consumption goods. This would in turn imply a slower build-up of the capital goods industries, and hence a further postponement of the date when India can grow by her own resources. On the other hand, the presence of unemployed resources makes it possible that their fuller employment could yield, after some lag, both more investment goods and more consumption.

It has been suggested that there is no potential inflationary barrier in the way of putting idle hands to work, because agricultural production (and well over half India's personal consumption comes from agriculture) would quickly increase.[1] This is a mistake, for the men employed on land improvement schemes must be paid ; and any extra output, however quickly it materialises (and in fact there must be a lag), will add to peasants' incomes as well as to output, so that the extra output is an offset only to the extent that the peasants save more of their higher incomes. Thus the ability or willingness to tax is a limit, not merely to the size of the Plan, but to the amount of employment it can offer. A larger plan with less employment may put less strain on the fiscal system and on a politician's courage than a smaller and more labour intensive plan.

To put it in another way, the limitation on employment is not employment opportunities, but the immediate supply of consumption goods, primarily food. Thus more employment depends on the Government's willingness or ability to redistribute consumption sufficiently in favour of the newly or more intensively employed men. It is the barrier round which many believe that China has found a way. This suggests the possibility of a larger Third Plan.

VI. A larger Third Plan ?

Before turning to the fiscal difficulty, there are two other possible problems to consider : organisation, and the balance between agriculture and other production.

Organisation could be a limitation which would bite before any fiscal limit. But it is my impression that it is the latter which is now operative. There seems to have been some disagreement between the Ministry of Agriculture and the Planning Commission over the agricultural allocation for the Third Plan. This suggests that the former believes that it could usefully spend more. India has many monuments to the power of unassisted labour in the shape not only of vast forts and palaces, but also canals and railways. Of course, more is needed than merely recruiting large numbers of men, and setting them to work, if the result is to be as productive as it might be. But, by now (though this was not true some years ago), agricultural and other departments probably have the skill to organise more work than is planned.

The balance of agriculture and industry

It has been argued that the agricultural targets are, if anything, too high already. Would not much further employment on land improvement certainly result in too much food ? This objection can be answered. First, there is no certainty in agriculture. Secondly, there is the matter of timing. For several years such further employment, which would increase each year as the programme was built up, would add more to food demand than supply : and the problem would be to prevent excess demand for food. If it subsequently became apparent that the eventual increase in supply would be excessive, certain of the more capital intensive ways of producing more food (major irrigation and fertiliser plants) could be cut back. Fourthly, some combination of falling food prices and increased indirect taxation of factory-produced consumption goods could always steer the extra consumption towards food. This would be necessary to prevent too large a part of future plans from being devoted to the provision of manufactured consumer goods, with a consequent delay in the establishment of a sufficient industrial basis to provide for enough capital investment without foreign aid.

The fiscal problem

This is the heart of the matter. If a much larger programme of land improvement were added to the Third Plan, the need for taxation would surely be increased in the initial years at least. As it is, the Third Plan will demand considerably higher taxation. But the increases in taxation will certainly not be excessive provided the Plan is a success. This needs no argument, for total consumption is planned to rise by 4 per cent a year, and the increased taxation will be needed only to prevent it rising faster. At a

[1] Ford Foundation Agricultural Production Team, *op cit.*

very rough guess assuming that India obtains the aid she hopes for, £75 million worth of additional taxes, or increased rates, might be needed every year. This is more every year than any Finance Minister has yet added in any one year. The idea horrifies the middle classes, which are the backbone of the Congress Party. Yet very few need actually be made poorer, and those not for long.'

Some people have the impression that tax rates are high in India. This is wrong. Only corporation tax and direct personal tax on the very rich are high, and the latter is not effective. Other rates of tax are mostly low. In fact the middle classes, say those with over £180 a year, are very lightly taxed : even on paper the direct tax paid does not match British standards below about £4,000 a year, and indirect taxation is far lower. Administratively, it is harder to tax in India. But there is no doubt that the fiscal requirements of the Third Plan are very well within the administrative limits. Yet one fears that fiscal pusillanimity is a danger, especially in view of the relative inability of the Central Government to get the States to increase the taxes reserved to them. These include all taxation of land, and of incomes derived from the land.

If the Third Plan were enlarged in the manner indicated, a still greater taxation effort would be required in the first few years. This would need to be directed towards damping down the demand for food. All taxation will do this to some extent. But increases in land taxation—which, in real terms, has been declining for decades—would probably be most appropriate, not only because the peasants would be the chief beneficiaries of the absorption of under-employed members of their families, and of the subsequent increases in output and the value of their land, but also because they eat a higher proportion of their incomes than others. Unfortunately, increased land taxation not only depends on the co-operation of the States, but is also of particular repugnance to the Congress Party, much of whose support derives from the richer farmers. But if agricultural output responded well, then the shift of emphasis should pass to indirect taxation of manufactured consumer goods.

It should finally be noted that the higher-paid wage-earners in India are scarcely touched by taxation. The only way to restrain the rise in their consumption is to stop real wages rising. This sounds harsh until it is realised that the average wage in organised industry is about four times as high as the lowest wage in India. It is insufficiently realised that high real wages help to limit the numbers who can be employed, as well as providing employers with an incentive to use more capital. This is of secondary importance only because the number of well-paid employees is still small.

In spite of the political difficulties involved in raising taxes, and restraining generally the consumption of those with sufficient work, it is hard for an economist not to believe that the best use of Indian resources requires a still larger and more labour-intensive Plan. This assumes that sufficient aid will be forthcoming for the industrial development and other import-using projects. If this is not so, then the programme of industrialisation will have to be cut, but it should still be possible to put more effort into the labour-intensive sector.

VII. Conclusions

1. The broad strategy of Indian planned development is eminently sound. The Third Plan is part of a series designed to raise the proportion of investment in a rising national income, and reduce and eventually eliminate that part financed by foreign savings. One cannot quarrel with this aim, and few who have really studied the problem doubt that it involves a rapid increase in industrialisation, involving the building up of heavy industry roughly on the scale planned.

2. A large element of foreign aid is, for a decade at least, indispensable. This is not so much because it is impossible to increase savings in India, but because savings cannot be translated into the kind of capital development which will later permit India to grow without continued reliance on foreign aid. In other words, saving is at present no substitute for aid.

3. It is very difficult to judge the amount of aid which will be necessary for the Third Plan to be viable. But there is no good reason to suppose that the figures put to the recent Bankers' Mission are exaggerated. The Mission itself did not hint that they might be.

4. There is a good case for saying that India has failed, and is failing, to solve the problem of putting idle hands to work. Increased savings can be turned into greater employment on land improvements without increasing the need for aid. Fear of inflation has been a barrier to such increased employment. Consequently, a greater willingness to tax (and to stop or moderate wage increases for those already employed) would pave the way for significantly greater output and employment. It follows that there is a good case for a larger Third Plan.

5. If India does not obtain the aid she needs (and there is, of course, considerable doubt about this), the industrial part of the Third Plan would have to be cut. She might partly compensate for the loss of income by an increased effort towards agricultural improvement, and in the social services. But the day when India can ensure her own growth, from a level of abysmal poverty, would surely recede even further into the future.

STATISTICAL APPENDIX

The Home Economy

Foreign Trade and Overseas

Symbols and conventions used

.. = not available.

— = nil or less than half the final digit shown.

billion = thousand millions.

Items may not always add to totals, because of rounding.

A horizontal bar across a column indicates a discontinuity in the series.

Italics are used where NIESR has added estimates to figures published elsewhere—for instance, when an estimated later figure is added.

Table 1. Gross domestic product

Seasonally adjusted

	Final expenditure at market prices										Output				
	Consumers' expenditure (*a*)	Public authorities' current spending	Gross fixed investment (*b*)	Value of physical stock change	Exports of goods and services	Total final expenditure	*Less* Imports of goods and services	*Less* Adjustment to factor cost (*c*)	Statistical discrepancy	Gross domestic product at factor cost	Gross domestic product	Industrial production (*d*)	Agriculture, etc.	Transport, communication	Distribution, other services
	£ million, 1954 prices, quarterly averages										*Index numbers, 1954 = 100*				
1948	2,677	592	467	+ 59	656	4,451	738	449	+ 28	3,292	84	79.0	85	86	91
1949	2,735	638	508	+ 9	736	4,626	791	455	+ 46	3,426	87	83.6	91	89	92
1950	2,813	637	533	− 60	842	4,765	802	465	+ 69	3,567	91	88.3	92	91	95
1951	2,772	690	534	+141	854	4,991	898	485	+ 46	3,654	93	91.3	94	95	95
1952	2,756	764	536	+ 10	847	4,913	821	469	− 5	3,618	92	89.2	97	96	94
1953	2,869	788	593	+ 33	837	5,120	868	490	− 2	3,760	96	94.3	99	98	97
1954	3,007	785	644	+ 13	911	5,360	918	515	—	3,927	100	100.0	100	100	100
1955	3,115	766	677	+ 73	979	5,610	1,014	535	+ 19	4,080	104	105.1	98	103	102
1956	3,144	765	710	+ 66	1,031	5,716	1,044	536	− 33	4,103	105	105.6	104	103	102
1957	3,210	738	741	+ 66	1,048	5,803	1,065	543	− 21	4,174	106	107.5	108	103	104
1958	3,283	735	745	+ 31	1,012	5,806	1,071	563	− 2	4,170	106	106.3	107	102	105
1959	3,409	754	783	+ 45	1,037	6,028	1,150	593	+ 70	4,355	111	112.3	112	*106*	*108*
1957 I	3,184	750	732	+115	1,080	5,861	1,076	539	− 80	4,166	106	107	109	104	104
II	3,204	744	739	+ 75	1,047	5,809	1,048	539	− 40	4,182	107	108	109	104	104
III	3,207	728	746	+ 75	1,033	5,789	1,090	544	+ 35	4,190	107	108	107	103	104
IV	3,244	730	745	—	1,031	5,750	1,046	548	+ 2	4,158	106	107	107	102	104
1958 I	3,261	744	748	+ 5	1,027	5,785	1,050	554	− 7	4,174	106	107	107	102	104
II	3,261	732	740	− 5	991	5,719	1,056	564	+ 55	4,154	106	106	107	102	104
III	3,268	728	747	+ 90	1,031	5,864	1,091	569	− 57	4,147	106	105	106	101	105
IV	3,342	735	744	+ 35	999	5,855	1,082	563	− 4	4,206	107	106	106	103	107
1959 I	3,344	741	744	− 70	984	5,743	1,106	574	+158	4,221	108	108	106	103	106
II	3,434	759	775	+ 75	1,042	6,085	1,169	589	− 8	4,319	110	111	106	106	108
III	3,384	761	792	+ 95	1,062	6,094	1,142	604	+ 42	4,390	112	113	118	106	108
IV	3,472	757	821	+ 80	1,061	6,191	1,183	603	+ 83	4,488	114	117	118	107	109
1960 I	*3,514*				*1,100*		*1,240*			*4,528*	*115*	*119*	*118*	*109*	*109*

See page 44, for changes to this table.

(a) For details see table 8. (b) For details see table 9. (c) Net indirect taxes at 1954 rates. (d) For details see table 2.

Table 2. Production in industry

Seasonally adjusted

	Total industrial production	Construction	Mining	Total manufacturing	Metals, metal-using: Total	Engineering and electrical	Vehicles	Shipbuilding	Textiles	Chemicals	Other industries	Steel: output	Steel: consumption	Passenger cars output	Selected durable consumer goods
	Index numbers, 1954 = 100											'000 tons		'000	*1954 = 100*
Weights	1,000	120	72	760	374	164	78	22	77	63	295	quarterly rates or averages			
1948	79.0	86.7	90.8	77.3	75.6	69.4	61.4	116.5	85.5	68.0	77.9	3,719	3,353	84	37
1949	83.6	90.7	93.8	82.2	80.0	75.9	71.2	106.1	92.1	70.2	83.5	3,888	3,550	103	44
1950	88.3	90.8	94.8	87.8	85.1	84.5	76.4	93.5	100.1	79.7	88.6	4,073	3,710	131	67
1951	91.3	87.3	98.0	91.6	90.3	90.5	79.9	96.2	99.8	83.7	91.8	3,910	3,772	119	79
1952	89.2	90.0	99.3	88.2	91.3	92.4	79.5	99.2	81.9	79.6	87.8	4,104	3,825	112	63
1953	94.3	96.3	98.8	93.7	93.4	93.6	90.4	105.1	97.4	89.1	93.8	4,402	3,915	149	76
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	4,630	4,190	192	100
1955	105.1	100.3	99.0	106.4	109.6	107.4	114.6	108.5	97.5	106.2	104.6	4,948	4,470	224	111
1956	105.6	105.8	99.2	105.9	108.3	107.0	107.2	117.4	96.4	110.6	105.1	5,165	4,617	177	88
1957	107.5	105.5	98.5	108.3	111.4	111.0	114.9	107.9	96.5	115.0	106.9	5,425	4,655	215	105
1958	106.3	105.0	94.3	106.9	110.3	111.5	118.4	108.8	87.1	115.0	108.0	4,892	4,459	263	118
1959	112.3	111.3	91.8	113.7	116.7	118.2	129.0	101.1	92.0	128.1	113.6	5,047	4,464	297	163
1958 I	107	105	96	108	112	111	120	111	90	114	108	5,394	4,659	274	107
II	106	104	95	106	110	110	118	107	86	114	108	4,992	4,458	267	116
III	105	105	92	106	110	112	116	110	85	114	107	4,695	4,403	257	116
IV	106	107	95	107	109	113	119	107	87	118	108	4,485	4,165	253	131
1959 I	108	110	91	108	110	111	124	107	86	123	110	4,468	4,131	255	140
II	111	109	94	113	116	117	129	101	91	128	112	4,915	4,524	293	173
III	113	112	92	115	117	121	122	100	94	129	114	5,070	4,517	282	172
IV	117	114	91	119	125	124	141	97	97	133	117	5,733	4,693	360	165
1960 I	*119*			*121*								5,940	5,110	376	*156*
Nov.	117		90	119	124	123	142	97	95	133	117	5,721	. .	359	
Dec.	117		91	119	126	125	144	96	99	133	116	5,885	. .	384	
1960 Jan.	119		92	121	127	127	147	95	96	132	119	5,985	. .	368	
February	119		89	121	127	125	143	95	94	132	119	5,922	. .	356	
March	*120*											5,913	. .	404	

Table 3. The labour market

Seasonally adjusted

	Employment											Demand for labour			Net overtime per head in manufacturing (*b*)
	Total civil employees	Agriculture etc.	Transport, communication	Distribution and other services	**Total industrial production**	Construction	Mining	**Total manufacturing**	Metals, metal-using	Textiles	Other industries	Unemployment	Unfilled vacancies	Excess demand (*a*)	
	Index numbers, 1954 = 100											*Percentage of employees*			*Weekly hours*
Millions in 1954	21.07	0.72	1.67	7.30	11.38	1.31	0.87	8.83	4.31	0.99	3.90				
1948	94.4(c)	113.7(c)	103.6(c)	94.4(c)	91.8(c)	98.2(c)	100.9(c)	90.2(c)	90.2(c)	94.0(c)	88.8(c)	1.50	2.30	0.68	. .
1949	95.1	109.4	103.5	94.6	93.3	98.3	100.5	92.0	90.0	97.8	92.6	1.52	1.95	0.42	. .
1950	96.5	111.0	103.1	95.3	95.3	98.4	98.0	94.6	91.8	102.1	95.8	1.53	1.77	0.27	. .
1951	97.5	106.4	102.2	95.8	97.3	98.9	98.4	97.0	94.5	103.4	98.0	1.19	2.01	0.69	. .
1952	97.4	104.0	102.0	96.4	96.9	97.8	100.6	96.2	96.9	93.8	96.4	1.99	1.34	−0.27	1.0
1953	98.0	101.1	100.7	97.3	97.9	98.6	100.8	97.4	97.1	98.2	97.8	1.64	1.33	−0.04	1.8
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	1.34	1.56	0.29	2.0
1955	101.3	97.8	99.3	100.8	102.2	102.0	99.4	102.6	104.6	96.6	101.7	1.08	1.91	0.73	2.1
1956	102.1	91.6	99.5	102.4	102.9	105.0	99.1	103.1	105.9	94.4	101.9	1.19	1.66	0.46	1.9
1957	102.5	91.2	99.9	103.4	103.0	104.3	100.1	103.1	109.0	93.7	102.0	1.43	1.27	0.01	1.9
1958	101.8	89.5	98.6	104.3	101.5	102.3	98.7	101.7	105.5	87.9	101.0	2.10	0.90	−0.67	1.4
1959	102.4	87.8	96.9	106.2	101.5	103.0	94.6	102.2	105.9	86.0	101.9	2.17	1.02	−0.62	1.9
1959 I	101.7	87.3	97.6	105.7	100.6	102.0	96.7	100.8	104.5	85.0	100.8	2.32	0.84	−1.03	1.5
II	102.0	87.1	97.1	105.9	101.0	102.9	95.5	101.5	105.1	85.5	101.3	2.21	0.95	−0.76	1.8
III	102.6	87.6	96.6	106.4	101.8	103.4	93.8	102.7	106.4	86.7	102.3	2.14	1.10	−0.41	2.0
IV	103.2	89.1	96.4	106.8	102.5	103.6	92.3	103.7	107.8	86.9	103.0	2.03	1.20	−0.28	2.3
1960 I	103.4	85.0	96.0	106.9	103.1	103.7	90.5	104.7	109.3	86.7	103.6	1.70	1.30	−0.15	
Nov.	103.3	89.9	96.3	107.0	102.5	103.6	92.3	103.7	107.8	87.0	103.1	2.00	1.20	−0.28	
Dec.	103.1	86.7	96.2	106.7	102.6	103.4	91.9	103.9	108.3	86.9	103.0	1.94	1.24	−0.23	
1960 Jan.	103.2	85.5	96.1	106.8	102.8	103.5	91.3	104.3	108.7	86.7	103.3	1.78	1.26	−0.18	
February	103.4	85.5	95.9	107.0	103.2	103.8	90.6	104.7	109.3	86.6	103.7	1.73	1.35	−0.18	
March	103.5	84.1	95.9	107.0	103.4	103.9	89.7	105.1	109.9	86.7	103.9	1.59	1.28	−0.10	
April												1.65	1.36	−0.10	

See page 44, for changes to this table. (a) NIESR index based on unemployment and vacancies. (b) Not seasonally adjusted.
(c) End-June, seasonally adjusted.

Table 4. Unemployment by industry

Percentage of total employees, seasonally adjusted

	Metals, metal-using	Textiles	Construction	Mining	Transport, services	Other
1948	1.54	0.66	2.64	0.32	1.62	1.27
1949	1.34	0.66	2.90	0.30	1.72	1.28
1950	1.18	0.60	2.83	0.33	1.80	1.37
1951	0.83	0.83	2.05	0.26	1.46	1.15
1952	1.17	8.44	2.83	0.26	1.86	1.79
1953	1.33	1.35	2.86	0.28	1.86	1.46
1954	0.92	0.92	2.50	0.25	1.58	1.23
1955	0.63	1.64	1.76	0.19	1.27	1.01
1956	0.94	1.41	2.01	0.21	1.30	1.09
1957	1.07	1.13	2.83	0.31	1.60	1.29
1958	1.76	3.96	4.00	0.57	2.09	1.82
1959	1.79	2.70	4.63	0.98	2.15	1.89
1958 I	1.19	2.33	3.02	0.43	1.77	1.43
II	1.63	3.75	3.86	0.52	2.03	1.76
III	1.90	4.60	4.30	0.61	2.24	1.97
IV	2.31	5.16	4.82	0.72	2.30	2.10
1959 I	2.21	4.37	4.73	0.84	2.16	2.04
II	1.97	2.70	4.50	0.95	2.18	1.90
III	1.56	1.86	4.78	1.04	2.23	1.87
IV	1.42	1.88	4.49	1.10	2.05	1.76
1960 I	1.17	1.92	3.17	0.84	1.92	1.40
Nov.	1.43	1.89	4.56	1.09	2.03	1.74
Dec.	1.34	1.98	4.18	1.07	2.00	1.69
1960 Jan.	1.20	1.99	3.22	0.89	1.98	1.44
February	1.22	1.90	3.10	0.78	1.91	1.41
March	1.10	1.88	3.18	0.86	1.88	1.34
April	1.06	1.81	3.30	0.86	1.84	1.32

Table 5. Productivity

Index numbers, 1954 = 100, seasonally adjusted

	Output per person employed in						Output per man-hour worked (*a*)
	gross domestic product	total industrial production	total manufacturing	metals, metal-using	textiles	mining	
1948	88	86	86	84	91	90	88
1949	91	90	89	89	94	93	92
1950	94	93	93	93	98	97	94
1951	95	94	94	96	97	100	96
1952	94	92	92	94	87	99	93
1953	97	96	96	96	99	98	97
1954	100	100	100	100	100	100	100
1955	103	103	104	105	101	100	103
1956	103	103	103	102	102	100	103
1957	105	104	105	102	103	98	106
1958	106	105	105	105	99	96	107
1959	110	111	111	110	107	97	112
1958 I	105	105	105	105	99	96	106
II	105	104	104	104	97	96	106
III	105	104	105	105	98	94	107
IV	107	105	106	104	102	97	108
1959 I	107	107	107	105	101	94	109
II	109	110	111	110	106	98	112
III	111	111	112	110	108	98	112
IV	113	114	115	116	112	99	115
1960 I	*113*	*115*	*116*				*116*
Nov.		114	115	115	109	98	
Dec.		114	115	116	114	99	
1960 Jan.		116	116	117	111	101	
Feb.		115	116	116	109	98	
March		116					

See page 44, for changes to this table. (a) In manufacturing.

Table 6. Prices

Index numbers, 1954 = 100

	Capital goods				Export prices	Retail prices	Consumer goods and services								Total final prices
	All assets	Plant, vehicles, etc.	Dwellings	Other building			Total	Food	Drink, tobacco	Housing (inc. rent and rates)	Durable goods	Clothing	All other goods	Services	
1948	78	76	79	81	78	75.7	79.6	67.3	99.2	79.4	84.9	82.2	82.9	79.6	78.1
1949	79	78	80	81	81	77.8	81.2	70.7	98.1	80.9	83.6	85.6	83.6	81.3	80.2
1950	81	81	81	81	85	79.9	83.3	74.6	97.0	83.1	87.0	86.6	85.7	83.8	82.7
1951	90	87	94	91	100	87.6	91.1	83.2	98.3	88.4	99.1	100.4	95.2	90.2	92.7
1952	99	97	104	100	105	95.3	96.5	92.5	99.6	92.5	105.9	100.1	100.4	95.3	98.3
1953	100	100	101	100	101	98.3	98.2	96.2	99.8	97.3	102.2	99.2	99.3	97.9	98.7
1954	100	100	100	100	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1955	105	104	106	106	102	104.5	103.4	105.9	100.5	103.5	101.4	100.6	103.1	103.9	103.5
1956	111	110	112	111	106	109.7	107.9	109.9	103.9	107.8	108.5	102.5	109.3	110.1	108.8
1957	115	115	113	116	111	113.8	111.0	112.1	106.4	114.9	110.4	104.1	113.1	113.8	112.8
1958	118	119	115	119	110	117.2	114.0	113.9	108.7	128.3	110.2	104.9	114.9	119.2	115.2
1959	117	119	112	117	109	117.8	114.2	114.8	106.3	135.3	108.3	104.5	114.1	120.0	115.9
1958 III	119	119	115	121	110	116.6	113.7	112.6	108.7	130.1	109.6	104.5	114.0	119.5	115.2
IV	118	119	114	119	109	118.1	114.0	114.2	108.6	131.5	109.7	104.5	114.7	119.7	115.5
1959 I	117	119	112	117	109	118.6	115.0	115.0	108.2	134.4	111.2	104.5	114.9	119.2	116.4
II	117	119	112	118	109	117.5	114.1	115.6	105.4	134.3	108.1	104.2	114.0	119.8	115.8
III	117	119	113	117	108	117.2	113.4	113.5	105.6	136.0	107.1	104.4	114.0	120.2	115.4
IV	117	118	112	117	110	118.1	114.0	115.1	106.4	136.7	107.4	104.8	113.6	120.6	115.9
1960 I					111	118.1									
Nov.					111	118.3	*114.2*	*115.2*	*106.4*	*136.8*	*107.4*	*104.8*	*114.6*	*120.8*	
Dec.					111	118.5	*114.3*	*115.7*	*106.4*	*136.8*	*107.4*	*104.8*	*114.7*	*120.8*	
1960 Jan.					111	118.2	*114.1*	*114.8*	*106.4*	*137.0*	*107.2*	*104.8*	*114.8*	*121.2*	
February					111	118.2	*114.1*	*114.3*	*106.4*	*137.0*	*107.2*	*105.4*	*115.0*	*121.2*	
March					112	118.0	*113.9*	*113.6*	*106.4*	*137.2*	*107.2*	*105.5*	*115.1*	*121.4*	
April															

Table 7. Wages, profits and other costs

Index numbers, 1954 = 100

	Weekly wage rates	Wage rates by industry						Income from employment(a)		Profits of companies and public corporations(a)	All property income(a)		Import prices	Materials used in manufacturing industry	Prices of all manufactured products
		Metals, metal-using	Textiles	Mining	Construction	Agriculture, forestry, fishing	Other industries and services	Total	Per unit of output		Total	Per unit of output			
1948	74.6	73.5	73.5	74.6	72.8	75.1	74.9	66.0	78.8	65.3	70.1	83.7	73	..	..
1949	76.7	76.0	77.0	74.7	74.7	77.8	76.9	70.4	80.7	68.3	73.1	83.8	74	..	..
1950	78.1	76.9	79.4	75.5	76.6	79.0	78.4	74.1	81.6	79.2	81.4	89.6	85	..	..
1951	84.6	83.5	87.1	83.3	83.0	84.5	84.7	82.5	88.7	93.6	90.0	96.8	113	..	..
1952	91.6	91.5	93.0	92.4	90.5	91.7	91.6	88.9	96.5	83.9	85.2	92.5	111	..	..
1953	95.8	95.8	96.7	95.5	95.4	95.9	95.9	93.7	97.9	89.7	91.1	95.2	101	..	..
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100	100.0	100.0
1955	106.9	106.8	104.9	107.3	106.2	105.6	106.3	109.3	105.2	109.7	107.3	103.3	103	103.0	102.6
1956	115.4	115.5	110.6	117.7	114.2	113.8	114.7	119.2	114.1	113.8	112.1	107.3	105	106.7	107.0
1957	121.2	121.1	114.9	124.1	120.5	119.1	120.6	125.9	118.4	120.6	117.7	110.7	107	107.4	110.4
1958	125.4	125.4	118.5	126.6	125.5	126.4	125.4	130.6	122.9	115.8	119.0	111.9	99	100.8	111.1
1959	128.7	129.0	120.6	130.4	128.9	130.6	128.7	135.2	121.9	128.1	128.7	116.1	98	101.8	111.6
1958 III	125.6	124.9	118.7	125.4	126.8	125.6	126.1	130.6	123.7	114.4	118.4	112.1	98	100.9	111.1
IV	127.7	127.9	119.2	130.2	127.0	128.6	127.5	132.3	123.5	117.0	120.3	112.3	99	101.1	111.5
1959 I	128.2	128.7	120.0	130.3	128.4	130.6	128.0	132.8	123.5	116.9	120.8	112.4	98	101.4	111.8
II	128.5	129.0	120.6	130.4	129.1	130.6	128.4	134.8	122.5	127.1	128.1	116.5	97	101.2	111.3
III	128.8	129.0	120.7	130.4	129.1	130.6	129.0	135.6	121.3	128.7	129.7	116.0	98	101.6	111.4
IV	129.2	129.1	121.0	130.4	129.1	130.6	129.5	137.8	120.6	139.6	136.2	119.2	100	102.8	111.7
1960 I	130.2	129.5	122.5	130.6	129.2	131.7	130.6	*140.1*	*121.5*				100	103.0	111.9
Nov.	129.2	129.0	121.2	130.4	129.1	130.6	129.4						101	102.7	111.7
Dec.	129.2	129.2	121.2	130.6	129.2	130.7	129.6						100	103.2	111.8
1960 Jan.	130.0	129.4	121.6	130.6	129.2	130.7	130.4						100	103.6	111.9
February	130.1	129.6	121.8	130.6	129.2	130.7	130.6						100	102.9	111.9
March	130.6	129.6	124.2	130.6	129.2	133.7	130.8						99	102.4	111.9
April														102.7	112.4

See page 44, for changes to this table. (a) Seasonally adjusted.

Table 8. Personal income and expenditure

£ million, quarterly averages, seasonally adjusted

	Disposable income (a)	Total personal savings	Consumers' expenditure	Consumers' expenditure: Total	Food	Alcoholic drinks	Tobacco	Housing (inc. rent and rates)	Fuel, light	Clothing	Durable goods: Cars, motor cycles	Durable goods: Furniture, etc.	Durable goods: Radio, electric, etc.	All other goods	Services
	at current prices			*at 1954 prices*											
1948	2,158	28	2,130	2,677	834	201	200	235	109	274	13	56	36	238	482
1949	2,277	57	2,220	2,735	866	194	194	234	108	296	16	68	40	260	459
1950	2,395	51	2,344	2,813	905	198	196	238	113	307	17	77	45	271	446
1951	2,594	67	2,527	2,772	887	204	202	239	117	276	16	74	50	262	445
1952	2,821	162	2,659	2,756	878	202	206	244	115	271	23	67	46	262	442
1953	3,001	185	2,816	2,869	911	205	209	252	117	275	40	77	57	284	442
1954	3,161	154	3,007	3,007	946	204	214	263	122	293	55	87	69	306	448
1955	3,441	221	3,220	3,115	972	215	219	257	124	315	74	90	73	327	450
1956	3,709	315	3,394	3,144	993	220	222	261	129	327	57	86	66	335	449
1957	3,893	330	3,563	3,210	1,011	224	228	263	127	332	63	92	73	347	451
1958	4,058	315	3,743	3,283	1,026	224	232	268	137	330	84	97	79	364	443
1959	4,255	362	3,893	3,409	1,045	233	238	270	135	344	107	108	95	385	450
1958 I	4,009	304	3,705	3,261	1,022	229	232	267	137	325	79	93	75	358	444
II	4,039	320	3,719	3,261	1,021	221	235	267	140	326	85	94	78	356	438
III	4,061	332	3,729	3,268	1,027	220	232	268	131	328	78	94	77	368	445
IV	4,124	304	3,820	3,342	1,033	226	231	269	139	339	92	107	87	373	446
1959 I	4,155	309	3,846	3,344	1,037	221	231	270	143	335	86	103	88	380	450
II	4,269	369	3,900	3,434	1,051	237	240	269	132	346	107	112	103	387	450
III	4,271	407	3,864	3,384	1,040	238	241	271	127	337	98	109	99	377	447
IV	4,324	364	3,960	3,472	1,052	235	238	272	136	359	137	107	88	396	452
1960 I	*4,390*	*361*	*4,029*	*3,514*	*1,064*	*236*	*241*	*272*	*150*	*353*	*141*	*112*	*99*	*395*	*451*

(a) Seasonally adjusted.

Table 9. Fixed investment

£ million, 1954 prices, quarterly averages, seasonally adjusted

	Total	Dwellings: Public	Dwellings: Private	Industries and services: Total	By type of asset: Plant, machinery	By type of asset: Vehicles, ships, aircraft	By type of asset: Buildings, works	By industry group(a): Fuel, power	By industry group(a): Public services	By industry group(a): Transport, communications	By industry group(a): Manufacturing	By industry group(a): Other industries, services	By sector: Public	By sector: Private
1948	467	92	14	361	166	91	104	53	29	44	107	115	119	242
1949	508	87	17	404	181	97	126	65	35	50	121	120	151	253
1950	533	86	16	431	202	87	142	70	41	47	140	120	166	265
1951	534	84	16	434	218	78	138	70	45	43	148	115	186	248
1952	536	95	24	417	206	70	141	72	44	40	142	109	196	221
1953	593	113	42	438	209	82	147	81	46	44	137	121	212	226
1954	644	105	56	483	231	90	162	96	48	47	145	138	219	264
1955	677	84	60	533	250	104	179	102	49	50	161	161	225	308
1956	710	77	63	570	256	110	204	97	56	57	183	167	236	334
1957	741	72	63	606	275	116	215	100	61	67	192	176	252	354
1958	745	60	67	618	274	122	222	105	65	66	182	189	255	363
1959	783	60	84	639	269	131	239	116	76	70	168	198	277	362
1957 III	746	70	60	616	273	127	216	96	65	72	189	185	256	360
IV	745	68	63	614	280	117	217	113	60	67	185	181	260	354
1958 I	748	63	63	622	275	128	219	108	61	69	184	190	263	359
II	740	61	64	615	273	121	221	103	63	66	185	188	254	361
III	747	59	69	619	274	121	224	105	69	63	184	187	251	368
IV	744	56	73	615	273	119	223	103	67	65	176	194	252	363
1959 I	744	60	78	606	261	121	224	107	69	63	164	192	255	351
II	775	59	81	635	270	135	230	109	73	66	166	210	265	370
III	792	60	84	648	274	129	245	121	82	72	169	191	289	359
IV	821	62	92	667	272	140	255	126	79	78	172	200	300	367

See page 44, for changes to this table.

(a) Excluding legal fees, etc. (which are included in the other columns), of which the industry distribution is not known.

Table 10. Construction orders and work done

£ million, 1954 prices, quarterly averages

	Total	New housing	Other new work: Public	Other new work: Private: Industrial	Other new work: Private: Miscellaneous
	Orders received by contractors				
1957 I	329	143	90	52	44
II	291	116	81	48	46
III	295	110	100	44	41
IV	257	100	73	43	41
1958 I	291	107	96	46	42
II	260	104	77	39	40
III	255	110	67	41	37
IV	284	132	79	33	40
1959 I	344	164	86	47	47
II	338	146	90	54	48
III	323	149	80	47	47
IV	366	152	105	58	51
	Work done by contractors				
1957 I	302	126	77	60	39
II	312	128	83	62	39
III	299	118	82	59	40
IV	300	118	83	57	42
1958 I	287	110	79	58	40
II	299	114	88	55	42
III	303	114	90	57	42
IV	306	114	91	56	45
1959 I	310	118	89	59	44
II	329	125	99	60	45
III	338	130	99	61	48
IV	340	134	93	62	51

Table 11. Metal-using industries : orders ; factory building approvals

	Orders on hand in engineering and electrical industries(a): Total	For export	For home market	Metal-working machine tools : net new orders: For export	For home market	Shipbuilding : merchant vessels: Orders on hand(a)	New orders(c)	Factory building approvals(b): Area, mn sq. ft.(c)
	January 1958 = 100			*£mn(c)*		*'000 gross tons*		
1954	97	93	99	4.7	13.9	4,333	159	17.7
1955	106	96	109	4.9	18.8	5,287	582	22.8
1956	104	103	105	5.6	15.3	6,442	619	17.8
1957	101	101	101	5.2	13.6	6,828	420	15.9
1958	89	87	89	4.4	10.6	5,430	124	11.4
1959	90	90	90	4.6	15.5	4,169	80	14.5
1958 I	100	101	100	4.7	11.4	6,331	..	12.0
II	96	95	96	3.4	11.8	5,970	..	10.4
III	92	92	93	4.0	10.1	5,953	..	11.5
IV	89	87	89	5.4	9.1	5,430	..	11.9
1959 I	87	84	88	4.2	11.3	5,103	55	16.1
II	88	86	88	3.3	16.4	4,734	44	13.7
III	88	87	88	4.8	16.4	4,473	48	12.7
IV	90	90	90	6.0	17.9	4,169	172	15.7
1960 I						4,044	196	35.3
August	88	87	88	1.1	16.4			
Sept.	88	87	88	7.4	23.1			
October	88	88	88	6.5	17.7			
Nov.	89	89	89	8.9	16.5			
Dec.	90	90	90	2.5	19.4			
1960 Jan.	93	93	93	6.6	23.7			
Feb.	96	97	96	10.6	28.5			

(a) At end of period. (b) Great Britain, seasonally adjusted. (c) Quarterly rates or averages.

Table 12. Changes in the volume of stocks

£ million, 1954 prices, quarterly averages

	Total stocks (a)	Manufacturing and distribution: Total	Manufacturing: Total	Materials and fuel	Work in progress	Finished goods	Distribution: Wholesale	Retail
Value at end 1958(b)	8.1	6.0	4.2	1.7	1.5	1.0	1.0	0.8
1956	+66	+58	+49	+13	+22	+14	+ 3	+ 6
1957	+66	+67	+42	+20	+19	+ 3	+15	+10
1958	+31	+12	+ 6	−24	+ 9	+21	+ 2	+ 4
1959	+45	+23	+19	+ 2	+21	− 4	− 7	+11
1957 I	+200	+215	+105	+44	+25	+36	+60	+50
II	+85	+75	+50	−29	+57	+22	+30	− 5
III	+60	+50	+35	+52	+26	−43	+15	—
IV	−80	−70	−20	+14	−32	− 2	−45	− 5
1958 I	+90	+100	+50	−34	+25	+59	+20	+30
II	+ 5	−25	+ 5	−68	+20	+52	−15	−15
III	+75	+40	−10	+20	+ 6	−35	+45	+ 5
IV	−45	−65	−20	−13	−15	+ 8	−40	− 5
1959 I	+15	+15	+10	−16	+12	+14	−15	+20
II	+85	+35	+10	− 3	+32	−19	—	+25
III	+80	+30	+20	+28	+24	−32	+15	− 5
IV	—	+10	+35	− 3	+15	+23	−30	+ 5

See page 44, for changes to this table.
(a) This series is seasonally adjusted in table 1. (b) £ billion.

Table 13. Credit

Quarterly averages

	Hire purchase debt: Total	Owing to finance houses	Owing to household goods shops	London Clearing Banks: Advances	Liquidity ratio
	£mn, change in period				*per cent*
1953	..	..	..	− 10	35.1
1954	..	..	..	+ 48	33.7
1955	..	..	..	− 11	32.5
1956	−21	− 8	−13	+ 15	35.3
1957	+18	+21	− 3	− 8	35.1
1958	+28	+19	+ 9	+ 91	34.0
1959	+75	+50	+25	+167	32.8
1958 I	+ 3	+13	−10	+ 36	35.9
II	+18	+23	− 5	+112	32.8
III	+12	+ 8	+ 4	− 2	33.5
IV	+78	+32	+46	+218	33.8
1959 I	+57	+42	+15	+238	32.7
II	+92	+70	+22	+132	31.4
III	+76	+51	+25	+153	32.9
IV	+72	+35	+38	+146	34.1
1960 I	+63	+52	+11	+211	32.6
1960 Jan.	+48	+39	+ 9	+153	34.3
February	+48	+36	+12	+261	32.1
March	+93	+81	+12	+218	31.5
April				+264	31.4

Table 14. U.K. imports and exports and changes in imported stocks

Quarterly averages

	Imports				Exports (exc. re-exports)				Adjusted balance of visible trade (a) (b)	Terms of trade import/export	Stock changes of mainly imported commodities				
	Value c.i.f.		Volume		Value f.o.b.		Volume				Total	Total	Food and tobacco	Industrial materials	Fuel
	As recorded	Adjusted (a)	As recorded	Adjusted (a)	As recorded	Adjusted (a)	As recorded	Adjusted (a)							
	£mn.		*1954 = 100*		*£mn.*		*1954 = 100*		*£mn.*	*1954 = 100*	*Current prices*	*1954 prices, £mn. c.i.f.*			
1950	645	645	89	89	538	538	101	100	− 87	100	−30.3	−33.4	−14.1	−20.1	+ 0.8
1951	970	970	100	100	640	640	100	98	−299	113	+32.0	+19.7	+10.4	+ 2.0	+ 7.3
1952	864	864	92	92	641	641	94	92	−188	106	+20.8	+20.5	+ 2.1	+13.4	+ 5.0
1953	830	830	99	99	639	639	96	94	−165	100	+22.0	+16.9	+ 9.6	+ 3.8	+ 3.5
1954	838	838	100	100	662	671	100	100	−142	100	− 5.0	− 5.0	− 2.1	− 5.7	+ 2.8
1955	965	965	112	112	718	709	107	104	−227	101	+ 2.0	+ 2.0	− 4.5	+ 1.8	+ 4.7
1956	965	974	111	112	785	779	113	111	−159	99	−13.3	−12.1	− 0.6	−10.9	− 0.6
1957	1,011	1,003	115	114	823	821	116	114	−149	96	+25.2	+21.9	+ 5.9	+ 8.0	+ 8.0
1958	937	936	114	114	794	794	111	110	−108	90	− 1.3	− 1.0	− 0.3	− 1.5	+ 0.8
1959	998	999	122	123	831	831	116	114	−135	90	*+ 5.8*	*+ 6.8*	*− 2.5*	*—*	*+ 9.3*
1958 I	928	923	114	113	813	804	113	111	− 83	90	−27.8	−19.7	+ 2.3	−15.5	− 6.5
II	900	911	110	111	767	793	108	110	− 84	90		−31.5	−20.7	− 4.9	− 5.8
III	938	945	113	114	776	776	109	107	−129	90	+25.3	+14.2	− 9.3	+17.4	+ 6.1
IV	985	966	121	118	816	798	115	111	−134	90		+33.5	+25.0	− 0.7	+ 9.2
1959 I	941	965	117	120	792	783	110	108	−152	90	− 4.3	+ 4.5	+13.6	− 8.7	− 0.4
II	983	960	123	120	845	831	118	114	− 96	89		−15.7	−33.0	− 6.6	+23.9
III	984	996	119	121	790	833	111	116	−130	90	*+13.1*	+13.7	−18.1	+20.1	+11.6
IV	1,082	1,074	130	130	901	879	125	120	−159	91		*+24.4*	*+27.3*	*− 3.6*	*+ 0.7*
1960 I	1,125	1,113	..	136	920	912	126	124	−168	90					
1960 Jan.	1,101	1,104	..	134	949	924	..	126	−144	90					
February	1,093	1,158	..	141	887	921	..	124	−210	90					
March	1,181	1,080	..	132	924	894	..	121	−156	89					
April	1,122	1,125	..	*137*	922	897	..	*121*	−195						

(a) Adjusted for dock strikes and other statistical disturbances as well as for seasonal movements and for the different number of working days. Exports exclude lend-lease silver. (b) Exports and re-exports less imports.

Table 15. Volume of U.K. imports, by commodity

Index numbers(a), 1954 = 100

	Food and beverages	Tobacco	Basic materials					Fuels		Semi-manufactures and manufactures mainly for industrial use				Finished manufactures	
			Total	Textile materials	Wood	Pulp	Ores and scrap	Total	Petroleum and products	Total	Iron and steel	Non-ferrous metals	Textile manufactures	Total	Machinery
Value 1959 £mn	1,437	85	931	273	142	100	123	468	467	661	40	205	98	392	203
1950	92	97	97	110	77	72	88	65	68	86	139	78	121	74	80
1951	101	113	102	96	120	87	82	86	88	111	150	91	152	76	86
1952	91	71	90	88	83	73	90	83	87	97	352	103	71	107	142
1953	102	104	101	110	101	82	95	90	94	86	198	85	65	115	118
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	107	111	106	98	114	118	112	121	107	126	363	109	107	122	124
1956	109	102	102	100	92	113	114	115	112	121	379	101	120	136	137
1957	114	103	106	101	101	112	126	114	115	122	215	110	129	152	145
1958	120	101	94	89	89	111	94	124	129	119	139	114	124	166	153
1959	120	97	100	103	98	120	91	143	151	135	136	121	149	201	178
1957 I	126	64	109	132	64	105	109	102	101	119	222	102	133	156	140
II	111	61	107	104	93	117	124	117	117	118	206	104	126	158	140
III	104	136	106	79	141	112	142	125	127	122	209	112	120	142	141
IV	114	151	103	88	107	115	127	112	114	129	222	123	137	153	159
1958 I	120	51	95	98	57	102	104	114	118	125	194	114	139	160	147
II	119	68	92	92	74	110	106	116	121	113	153	107	108	159	147
III	117	133	90	64	126	113	87	128	134	118	116	124	111	169	150
IV	124	152	97	100	100	118	77	137	144	122	93	110	139	178	167
1959 I	128	42	93	110	59	114	74	134	140	120	96	115	135	166	161
II	121	78	100	109	90	115	76	154	162	131	149	121	135	205	191
III	111	105	101	85	135	114	104	144	151	134	134	121	146	209	171
IV	122	163	107	106	108	137	110	142	150	153	163	128	179	225	188
1960 I	127	74	107	111	70	143	118	159	167	166	227	146	196	274	208

(a) Unadjusted.

Table 16. Volume of U.K. exports, by commodity and area

Index numbers, 1954 = 100, seasonally adjusted

	By commodity											By area			
			Manufactures												
				Metals and engineering											
	Food, beverages, tobacco	Basic materials, fuels	Total	Total	Metals	Metal goods (a)	Machinery	Transport equipment	Textiles	Chemicals	Other manufactures (a)	Sterling area (b)	Other primary producers	North America	Western Europe
Value 1959 £mn	190	249	2,809	1,918	304	186	857	570	248	293	349	1,374	356	567	911
1950	93	78	106	102	106	101	99	105	125	79	121	94	129	105	94
1951	95	61	105	100	80	103	104	101	126	92	118	101	114	100	90
1952	91	77	96	98	84	97	106	93	94	77	100	91	111	94	89
1953	94	93	96	97	94	105	100	92	103	79	97	94	93	112	96
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	106	100	109	110	113	114	110	106	96	116	112	106	102	115	107
1956	115	103	115	118	126	110	117	121	92	127	113	105	113	137	116
1957	124	96	117	121	139	105	120	123	92	137	113	105	120	143	116
1958	121	98	113	118	135	90	114	127	79	135	112	101	114	153	107
1959	118	106	117	121	148	89	118	128	79	155	115	97	110	187	116
1958 I	113	97	114	118	126	93	116	126	87	135	113	105	116	147	107
II	121	92	107	112	128	88	109	118	76	127	107	97	112	147	102
III	128	100	116	123	140	85	117	140	77	143	110	104	119	148	112
IV	119	101	114	120	148	94	113	126	74	133	117	98	110	168	107
1959 I	102	106	110	114	135	82	110	124	74	142	110	90	117	167	109
II	119	107	118	121	130	92	118	135	81	156	115	97	109	197	116
III	130	101	118	122	162	86	119	124	79	164	110	97	108	189	119
IV	131	110	123	127	164	96	123	128	82	160	126	103	108	196	123
1960 I	126	117	127	132	160	95	128	142	85	168	117	99	130	207	127

(a) Unadjusted. (b) Including Iraq.

Table 17. World industrial production

Index numbers, 1953 = 100, seasonally adjusted

	World (a) (b)	U.S.A.	Canada	U.K.	Continental O.E.E.C. (c)	Western Germany	France	Italy	Belgium	Sweden	Netherlands	Austria	Latin America (a)	Japan (a)	U.S.S.R.
1950	84	84	83	94	82	72	89	78	93	95	88	86	91	*55*	69
1951	91	90	90	98	92	85	99	89	106	100	91	97	96	74	80
1952	93	93	94	94	94	91	98	91	101	98	91	98	98	82	89
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	100	93	100	108	109	112	109	109	106	104	110	114	107	108	113
1955	111	104	110	114	121	129	117	119	116	111	118	133	118	117	127
1956	116	107	120	114	130	139	128	128	123	115	123	138	126	144	141
1957	120	107	120	116	138	147	139	138	123	119	126	146	134	167	155
1958	117	100	117	114	142	152	147	143	115	118	126	150	136	169	170
1959	*127*	112	127	121	150	162	153	158	119	123	138	156		210	189
1958 I	115	97	117	116	142	151	155	141	119	120	124	153	129	167	
II	115	96	118	114	142	150	154	139	113	120	126	151	135	163	
III	115	101	117	113	142	151	152	142	115	119	127	151	141	166	
IV	123	105	119	115	145	154	152	148	114	120	129	150	140	179	
1959 I	123	108	125	116	145	155	151	153	114	122	133	152	134	190	
II	130	114	128	120	148	159	157	153	118	122	137	152	142	203	
III	124	112	127	122	153	162	160	157	119	122	138	156		214	
IV	*131*	112	130	127	159	170	169	169	125	127	143	159		231	
September		111	129	124	154	163	161	162	121	124	142	156		*220*	
October		110	132	127	156	165	163	163	123	126	143	159		*224*	
November		110	128	127	*159*	170	169	170	127	125	140	*158*		*227*	
December		117	131	127	161	*174*	174	172	124	*131*	145	160		*243*	
1960 Jan.		119	134	129	162	172	173	172	122	130	148	168		*223*	
February		118	132	129	*162*	174	168	181	123	130	151	157		*249*	
March		117		*130*		177	167		125						
April		*117*													

See page 44, for changes to this table.

(a) World, Latin America and Japan are not seasonally adjusted. (b) Excludes U.S.S.R., Eastern Europe and China. (c) Excludes Spain.

Table 18. Trade of industrial countries

$ billion, quarterly averages

	Total (*a*)			U.S.A.			Canada			U.K.			Continental O.E.E.C. (*a*)		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	8.29	9.15	−0.86	3.17	2.01	+1.16	0.84	0.76	+0.08	1.65	2.09	−0.44	2.57	4.12	−1.54
1949	8.66	9.03	−0.37	3.02	1.88	+1.14	0.77	0.73	+0.04	1.71	2.13	−0.42	3.03	4.06	−1.03
1950	8.43	9.38	−0.95	2.57	2.40	+0.17	0.77	0.80	−0.03	1.58	1.82	−0.24	3.31	4.12	−0.81
1951	11.32	12.77	−1.45	3.76	2.97	+0.79	1.01	1.05	−0.04	1.90	2.73	−0.84	4.31	5.52	−1.20
1952	11.99	12.43	−0.43	3.80	2.92	+0.89	1.19	1.12	+0.07	1.91	2.43	−0.52	4.77	5.45	−0.68
1953	12.16	12.42	−0.26	3.95	2.95	+1.00	1.15	1.21	−0.06	1.88	2.34	−0.46	4.86	5.32	−0.46
1954	12.61	12.78	−0.17	3.78	2.76	+1.02	1.11	1.14	−0.03	1.94	2.36	−0.42	5.37	5.92	−0.55
1955	13.85	14.52	−0.67	3.89	3.09	+0.80	1.20	1.29	−0.09	2.12	2.72	−0.60	6.14	6.80	−0.66
1956	15.78	16.32	−0.53	4.77	3.44	+1.34	1.32	1.57	−0.25	2.32	2.72	−0.40	6.75	7.78	−1.03
1957	17.22	17.65	−0.43	5.21	3.54	+1.66	1.37	1.59	−0.22	2.42	2.85	−0.43	7.51	8.60	−1.08
1958	16.40	16.36	+0.04	4.46	3.50	+0.96	1.36	1.45	−0.09	2.35	2.65	−0.30	7.52	8.01	−0.49
1959	17.53	17.96	−0.43	4.39	4.12	+0.27	1.42	1.59	−0.17	2.42	2.81	−0.39	8.27	8.48	−0.21
1956 III	15.42	16.00	−0.58	4.71	3.39	+1.32	1.37	1.53	−0.16	2.15	2.62	−0.47	6.57	7.64	−1.07
IV	17.28	17.15	+0.13	5.22	3.44	+1.78	1.43	1.63	−0.20	2.46	2.73	−0.27	7.45	8.45	−1.00
1957 I	17.09	17.90	−0.81	5.44	3.52	+1.92	1.23	1.53	−0.30	2.45	2.96	−0.51	7.32	8.82	−1.50
II	17.37	18.19	−0.82	5.47	3.49	+1.98	1.35	1.75	−0.40	2.47	2.91	−0.46	7.41	8.76	−1.36
III	16.77	17.22	−0.45	4.91	3.50	+1.41	1.47	1.58	−0.11	2.31	2.79	−0.48	7.31	8.28	−0.97
IV	17.61	17.27	+0.34	5.00	3.67	+1.33	1.42	1.48	−0.06	2.45	2.75	−0.30	7.98	8.50	−0.52
1958 I	15.94	16.26	−0.32	4.40	3.44	+0.96	1.18	1.31	−0.13	2.41	2.61	−0.20	7.25	8.10	−0.85
II	16.20	16.28	−0.08	4.57	3.43	+1.14	1.44	1.55	−0.09	2.27	2.55	−0.28	7.25	7.97	−0.72
III	15.82	15.76	+0.06	4.17	3.33	+0.84	1.36	1.39	−0.03	2.30	2.65	−0.35	7.31	7.66	−0.35
IV	17.63	17.12	+0.51	4.71	3.79	+0.92	1.45	1.54	−0.09	2.42	2.77	−0.35	8.26	8.30	−0.04
1959 I	15.60	16.33	−0.73	4.14	3.87	+0.27	1.14	1.38	−0.24	2.31	2.64	−0.33	7.28	7.67	−0.39
II	17.27	18.15	−0.88	4.45	4.17	+0.28	1.49	1.77	−0.28	2.46	2.77	−0.31	8.07	8.48	−0.41
III	17.10	17.66	−0.56	4.35	4.15	+0.20	1.43	1.60	−0.17	2.30	2.77	−0.47	8.14	8.24	−0.10
IV	19.49	19.48	+0.01	4.64	4.29	+0.35	1.61	1.63	−0.03	2.62	3.05	−0.43	9.59	9.55	+0.04
1960 I				*4.87*	*4.08*	*+0.79*	*1.40*	*1.46*	*−0.05*	2.67	3.15	−0.47			

(*a*) Excludes W. Germany in 1948 and 1949 and Spain throughout.

$ billion, quarterly averages

	Western Germany			France			Italy			Netherlands			Japan		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	..	..	..	0.50	0.86	−0.36	0.27	0.38	−0.12	0.26	0.47	−0.21	0.06	0.17	−0.11
1949	..	..	..	0.68	0.82	−0.14	0.28	0.39	−0.11	0.34	0.46	−0.13	0.13	0.23	−0.10
1950	0.49	0.67	+0.18	0.76	0.76	—	0.30	0.37	−0.07	0.35	0.51	−0.16	0.20	0.24	−0.04
1951	0.87	0.87	−0.01	1.02	1.11	−0.09	0.41	0.54	−0.13	0.49	0.64	−0.15	0.34	0.50	−0.16
1952	1.00	0.95	+0.05	0.96	1.08	−0.12	0.35	0.58	−0.24	0.53	0.56	−0.03	0.32	0.51	−0.19
1953	1.10	0.94	+0.15	0.95	0.99	−0.04	0.38	0.60	−0.23	0.54	0.59	−0.06	0.32	0.60	−0.28
1954	1.31	1.14	+0.17	1.05	1.06	−0.01	0.41	0.61	−0.20	0.60	0.71	−0.11	0.41	0.60	−0.19
1955	1.53	1.45	+0.09	1.23	1.18	+0.04	0.46	0.68	−0.21	0.67	0.80	−0.13	0.50	0.62	−0.11
1956	1.84	1.65	+0.19	1.13	1.39	−0.25	0.54	0.79	−0.26	0.72	0.93	−0.21	0.62	0.81	−0.18
1957	2.14	1.87	+0.27	1.28	1.54	−0.26	0.63	0.91	−0.27	0.77	1.03	−0.25	0.71	1.07	−0.36
1958	2.20	1.84	+0.36	1.28	1.40	−0.12	0.63	0.79	−0.16	0.81	0.91	−0.10	0.72	0.76	−0.04
1959	2.45	2.08	+0.37	1.40	1.27	+0.13	0.72	0.83	−0.11	0.90	0.98	−0.08	0.86	0.90	−0.04
1956 III	1.82	1.69	+0.13	1.06	1.33	−0.27	0.55	0.76	−0.21	0.70	0.94	−0.24	0.62	0.82	−0.20
IV	2.08	1.83	+0.25	1.23	1.48	−0.25	0.60	0.83	−0.23	0.76	0.99	−0.23	0.72	0.90	−0.18
1957 I	2.00	1.81	+0.19	1.33	1.69	−0.36	0.59	0.92	−0.33	0.76	1.08	−0.32	0.65	1.06	−0.41
II	2.11	1.81	+0.30	1.29	1.68	−0.39	0.63	0.94	−0.31	0.72	1.04	−0.33	0.67	1.28	−0.61
III	2.15	1.87	+0.27	1.16	1.43	−0.27	0.65	0.85	−0.20	0.78	1.01	−0.23	0.77	1.07	−0.30
IV	2.31	2.00	+0.32	1.32	1.36	−0.04	0.67	0.92	−0.25	0.84	0.97	−0.14	0.76	0.87	−0.11
1958 I	2.06	1.82	+0.23	1.27	1.51	−0.24	0.61	0.82	−0.21	0.77	0.87	−0.10	0.71	0.80	−0.09
II	2.13	1.72	+0.41	1.22	1.52	−0.30	0.63	0.81	−0.18	0.76	0.90	−0.14	0.68	0.78	−0.09
III	2.23	1.83	+0.40	1.15	1.26	−0.11	0.64	0.76	−0.12	0.81	0.88	−0.07	0.69	0.73	−0.04
IV	2.39	1.99	+0.40	1.47	1.32	+0.15	0.65	0.78	−0.13	0.88	0.97	−0.09	0.80	0.72	+0.08
1959 I	2.12	1.80	+0.32	1.18	1.20	−0.02	0.63	0.76	−0.13	0.81	0.90	−0.09	0.73	0.79	−0.06
II	2.39	2.04	+0.35	1.42	1.31	+0.11	0.65	0.84	−0.19	0.88	0.99	−0.11	0.81	0.95	−0.14
III	2.46	2.12	+0.34	1.34	1.14	+0.20	0.77	0.82	−0.05	0.89	0.98	−0.09	0.88	0.90	−0.02
IV	2.83	2.36	+0.47	1.68	1.44	+0.23	0.84	0.92	−0.08	1.03	1.06	−0.03	1.03	0.96	+0.07
1960 I	2.72	2.37	+0.35	1.82	1.63	+0.19				*0.98*	*1.11*	*−0.13*	*0.88*	*1.13*	*−0.25*

Table 19. Trade of primary producing countries

$ billion, quarterly averages

	Total			Overseas sterling area (excluding oil producers)			Australia			New Zealand			India		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	4.99	5.65	−0.66	2.05	2.43	−0.38	0.41	0.35	+0.06	0.12	0.11	+0.01	0.34	0.43	−0.09
1949	4.86	5.68	−0.82	2.04	2.55	−0.51	0.40	0.40	—	0.14	0.11	+0.03	0.33	0.51	−0.18
1950	5.61	5.30	+0.31	2.24	2.23	+0.02	0.42	0.41	+0.01	0.13	0.11	+0.01	0.29	0.29	—
1951	7.08	7.40	−0.31	2.98	3.19	−0.21	0.51	0.61	−0.10	0.17	0.15	+0.02	0.40	0.45	−0.05
1952	6.23	7.29	−1.06	2.50	2.97	−0.47	0.42	0.49	−0.07	0.17	0.19	−0.03	0.32	0.42	−0.10
1953	6.35	6.44	−0.09	2.41	2.52	−0.11	0.49	0.37	+0.13	0.16	0.13	+0.03	0.28	0.30	−0.02
1954	6.55	6.81	−0.26	2.40	2.66	−0.26	0.41	0.47	−0.05	0.17	0.17	—	0.30	0.32	−0.03
1955	6.98	7.41	−0.43	2.61	3.01	−0.40	0.44	0.54	−0.10	0.18	0.20	−0.02	0.32	0.35	−0.03
1956	7.36	7.85	−0.50	2.72	3.17	−0.45	0.47	0.49	−0.02	0.19	0.19	+0.01	0.32	0.43	−0.11
1957	7.62	8.79	−1.17	2.85	3.50	−0.65	0.55	0.49	+0.06	0.19	0.21	−0.01	0.35	0.56	−0.21
1958	7.19	8.26	−1.07	2.53	3.30	−0.77	0.42	0.51	−0.10	0.17	0.20	−0.02	0.30	0.45	−0.15
1959	*7.68*	*7.93*	*−0.26*	*2.87*	*3.31*	*−0.45*	0.50	0.53	−0.03	0.21	0.16	+0.04	0.33	0.46	−0.13
1956 III	7.09	7.78	−0.69	2.55	3.16	−0.61	0.41	0.48	−0.08	0.18	0.20	−0.02	0.30	0.44	−0.14
IV	7.51	8.09	−0.58	2.89	3.22	−0.32	0.59	0.44	+0.15	0.16	0.18	−0.02	0.35	0.44	−0.09
1957 I	7.84	8.32	−0.48	3.07	3.41	−0.34	0.62	0.45	+0.17	0.23	0.18	+0.04	0.35	0.55	−0.20
II	7.62	8.90	−1.28	2.84	3.53	−0.69	0.57	0.48	+0.09	0.20	0.20	—	0.31	0.60	−0.29
III	7.41	8.90	−1.49	2.68	3.55	−0.87	0.46	0.50	−0.05	0.19	0.23	−0.04	0.37	0.57	−0.20
IV	7.59	9.03	−1.44	2.80	3.51	−0.70	0.55	0.51	+0.05	0.15	0.22	−0.06	0.35	0.51	−0.16
1958 I	7.33	8.34	−1.01	2.65	3.42	−0.77	0.42	0.52	−0.09	0.22	0.20	+0.02	0.30	0.47	−0.17
II	7.02	8.21	−1.19	2.43	3.27	−0.83	0.39	0.51	−0.12	0.19	0.21	−0.01	0.24	0.44	−0.20
III	6.93	7.98	−1.05	2.43	3.15	−0.73	0.37	0.52	−0.16	0.15	0.19	−0.04	0.34	0.42	−0.08
IV	7.48	8.51	−1.03	2.62	3.36	−0.73	0.48	0.51	−0.02	0.14	0.20	−0.06	0.33	0.49	−0.16
1959 I	7.33	7.38	−0.05	2.62	3.08	−0.46	0.46	0.49	−0.03	0.22	0.14	+0.08	0.28	0.46	−0.18
II	7.70	7.96	−0.26	2.81	3.33	−0.51	0.49	0.53	−0.03	0.22	0.15	+0.07	0.28	0.52	−0.24
III	*7.58*	*7.98*	*−0.40*	*2.83*	*3.27*	*−0.44*	0.45	0.53	−0.08	0.17	0.16	+0.01	0.35	0.41	−0.05
IV	*8.11*	*8.41*	*−0.30*	*3.21*	*3.57*	*−0.36*	0.61	0.57	+0.03	0.20	0.19	−0.01	0.40	0.43	−0.03
1960 I							0.55	0.62	−0.07				*0.32*	*0.41*	*−0.09*

$ billion, quarterly averages

	South Africa			Latin America excluding Venezuela			Oil producing countries: Sterling			Oil producing countries: Non-Sterling			Others (excluding oil producers)		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	0.15	0.40	−0.25	1.36	1.35	—	0.12	0.12	—	0.58	0.47	+0.11	0.88	1.27	−0.39
1949	0.16	0.34	−0.18	1.15	1.15	—	0.14	0.13	+0.02	0.65	0.48	+0.17	0.88	1.37	−0.49
1950	0.17	0.25	−0.08	1.41	1.24	+0.17	0.19	0.13	+0.06	0.75	0.46	+0.28	1.02	1.23	−0.22
1951	0.22	0.38	−0.15	1.61	1.77	−0.16	0.26	0.16	+0.10	0.85	0.55	+0.30	1.38	1.73	−0.35
1952	0.22	0.34	−0.12	1.40	1.71	−0.31	0.30	0.17	+0.13	0.80	0.59	+0.21	1.22	1.84	−0.62
1953	0.23	0.35	−0.12	1.54	1.41	+0.14	0.32	0.21	+0.12	0.84	0.59	+0.25	1.23	1.72	−0.49
1954	0.26	0.36	−0.10	1.55	1.60	−0.05	0.35	0.20	+0.15	0.98	0.65	+0.33	1.27	1.71	−0.43
1955	0.26	0.37	−0.11	1.53	1.62	−0.09	0.40	0.22	+0.18	1.09	0.72	+0.36	1.36	1.84	−0.48
1956	0.30	0.38	−0.09	1.63	1.67	−0.04	0.42	0.24	+0.18	1.19	0.81	+0.38	1.39	1.96	−0.57
1957	0.32	0.42	−0.10	1.57	1.86	−0.29	0.44	0.25	+0.19	1.28	1.02	+0.25	1.48	2.16	−0.68
1958	0.28	0.43	−0.15	1.47	1.73	−0.26	0.49	0.25	+0.24	1.32	0.96	+0.36	1.39	2.02	−0.63
1959	0.31	0.38	−0.07	*1.50*	*1.55*	*−0.06*	*0.50*	*0.26*	+0.24	*1.40*	*0.92*	*+0.48*	*1.41*	*1.89*	*−0.48*
1956 III	0.30	0.37	−0.07	1.58	1.66	−0.08	0.43	0.23	+0.20	1.24	0.78	+0.46	1.29	1.95	−0.66
IV	0.34	0.36	−0.02	1.62	1.78	−0.16	0.37	0.23	+0.14	1.17	0.87	+0.30	1.46	1.99	−0.53
1957 I	0.33	0.41	−0.07	1.68	1.71	−0.03	0.38	0.22	+0.16	1.17	0.95	+0.21	1.53	2.02	−0.48
II	0.32	0.42	−0.10	1.56	1.88	−0.32	0.45	0.24	+0.21	1.30	0.97	+0.32	1.47	2.28	−0.81
III	0.30	0.43	−0.13	1.51	1.91	−0.41	0.48	0.27	+0.21	1.33	1.02	+0.31	1.43	2.16	−0.73
IV	0.34	0.43	−0.09	1.55	1.94	−0.39	0.45	0.26	+0.19	1.30	1.14	+0.16	1.49	2.18	−0.69
1958 I	0.29	0.48	−0.19	1.46	1.67	−0.21	0.48	0.25	+0.24	1.31	0.99	+0.32	1.45	2.01	−0.56
II	0.29	0.45	−0.16	1.46	1.75	−0.29	0.49	0.25	+0.24	1.25	0.92	+0.33	1.40	2.01	−0.61
III	0.26	0.40	−0.15	1.42	1.76	−0.34	0.50	0.25	+0.25	1.33	0.91	+0.42	1.27	1.91	−0.64
IV	0.28	0.38	−0.10	1.53	1.74	−0.21	0.51	0.25	+0.25	1.41	1.01	+0.40	1.43	2.15	−0.72
1959 I	0.28	0.36	−0.08	1.45	1.34	+0.11	0.50	0.26	+0.25	1.43	0.97	+0.46	1.32	1.74	−0.42
II	0.31	0.39	−0.08	1.53	1.58	−0.05	0.50	0.26	+0.24	1.34	0.90	+0.44	1.52	1.90	−0.38
III	0.30	0.36	−0.06	*1.56*	*1.67*	*−0.11*	0.50	0.26	+0.24	*1.35*	*0.89*	*+0.46*	*1.32*	*1.88*	*−0.56*
IV	0.34	0.39	−0.05	*1.46*	*1.63*	*−0.17*	*0.50*	*0.26*	*+0.24*	*1.47*	*0.91*	*+0.56*	*1.47*	*2.04*	*−0.57*
1960 I	*0.32*	*0.42*	*−0.10*												

Table 20. Industrial countries : imports by volume and import and export prices

Index numbers, 1953 = 100

	Volume of imports						Import prices				Export prices				
	U.S.A.	U.K.	OEEC. incl. U.K. From outside	OEEC. incl. U.K. Intra-trade	Western Germany	France	U.S.A.	U.K.	Western Germany	France	U.S.A.	U.K.	Western Germany	France	Japan
1950	92	90	92	84	75	90	88	84	94	87	88	84	81	82	82
1951	91	101	98	92	77	101	111	112	120	114	101	99	99	96	122
1952	96	93	96	90	89	100	105	110	114	111	100	104	107	103	108
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	93	101	107	112	126	109	103	99	96	99	99	99	96	94	97
1955	103	113	120	127	152	123	102	102	100	98	100	101	98	95	93
1956	112	112	130	135	171	143	104	104	102	99	103	105	101	100	96
1957	115	116	138	144	192	151	105	106	103	104	107	110	103	102	97
1958	119	116	138	142	205	150	100	98	95	95	106	109	103	98	91
1959	142	124			247	147	98	97	91	88	107	108	100	90	91
1956 I	113	115	123	124	150	130	104	104	102	99	104	104	100	97	95
II	110	114	133	137	169	150	104	105	103	100	103	104	100	100	96
III	111	108	128	136	174	140	104	102	103	98	103	105	101	101	97
IV	114	110	133	149	191	150	105	106	101	101	104	106	102	101	97
1957 I	113	119	142	144	184	163	107	109	104	106	107	109	103	103	99
II	111	115	141	141	183	164	106	109	105	105	107	109	104	103	98
III	115	113	133	139	191	139	105	105	104	105	107	111	103	103	97
IV	120	116	138	151	210	139	104	101	101	100	108	110	103	98	95
1958 I	115	114	137	139	197	160	102	98	98	96	107	109	104	98	93
II	115	112	136	140	190	163	101	98	96	95	105	109	103	99	91
III	115	115	135	139	208	134	100	97	93	96	105	109	102	98	90
IV	131	122	145	152	227	143	99	98	93	94	106	108	101	96	89
1959 I	134	118	138	144	209	140	98	97	92	87	107	108	101	87	89
II	144	125	147	160	243	151	98	96	90	88	107	108	101	90	90
III	143	121	142	158	252	132	98	97	90	88	107	107	100	91	91
IV	146	132			284	*166*	99	99	90	89	107	109	100	92	93
1960 I		138						99	*91*	*90*		110	*100*		*94*

Table 21. Industrial countries' exports of manufactures

	Volume							Value, total	Shares					
	Total	U.S.A. (*a*)	U.K.	Western Germany	France	Japan	Others (*b*)		U.S.A. (*a*)	U.K.	Western Germany	France	Japan	Others (*b*)
	Index numbers, 1953 = 100							*$ bn., quarterly averages*	*Per cent of total value*					
1950	86	86	110	42	98	81	84	5.0	27.3	25.5	7.3	9.9	3.4	26.6
1951	100	103	109	72	118	89	100	7.0	26.6	21.9	10.0	10.0	4.3	27.2
1952	98	102	100	87	95	94	98	6.9	26.2	21.5	12.0	9.2	3.8	27.3
1953	100	100	100	100	100	100	100	6.9	25.9	21.2	13.3	9.0	3.8	26.8
1954	111	106	104	127	110	140	108	7.4	25.2	20.3	14.8	9.0	4.7	26.0
1955	125	115	113	149	123	186	122	8.5	24.5	19.6	15.4	9.3	5.1	26.1
1956	136	128	120	174	114	222	133	9.6	25.3	19.0	16.4	7.8	5.7	25.8
1957	146	135	123	202	128	250	140	10.7	25.4	18.0	17.5	8.0	6.0	25.1
1958	145	122	118	213	139	255	143	10.5	23.3	17.8	18.6	8.6	6.0	25.7
1959	*158*	*120*	122	234	170	303	*159*	11.3	21.3	17.3	19.1	9.2	6.7	26.4
1957 I	144	135	125	183	134	265	137	10.5	25.7	18.4	16.4	8.6	5.5	25.3
II	149	147	126	199	132	240	140	10.9	26.8	18.1	16.9	8.2	5.5	24.6
III	143	128	118	202	115	269	139	10.4	24.8	17.8	18.2	7.4	6.6	25.2
IV	150	132	122	223	133	265	144	10.9	24.5	17.6	18.6	7.8	6.2	25.3
1958 I	141	123	121	195	134	255	135	10.3	24.2	18.6	17.4	8.5	6.1	25.2
II	144	127	115	210	130	246	142	10.4	24.4	17.5	18.1	8.3	5.8	25.9
III	141	113	116	214	125	239	141	10.1	22.3	18.1	19.6	8.1	5.9	26.0
IV	154	123	120	230	165	279	153	11.1	22.5	17.0	19.1	9.5	6.1	25.8
1959 I	143	115	116	205	149	263	139	10.2	23.1	18.4	18.3	8.7	6.2	25.2
II	158	123	125	230	174	290	155	11.4	21.9	17.8	18.7	9.5	6.4	25.8
III	155	116	117	232	159	305	160	11.1	21.3	16.8	19.5	8.8	6.9	26.7
IV	*176*	*126*	129	269	198	352	*183*	12.7	19.3	16.6	19.9	9.8	7.1	27.5
1960 I			134	*256*	*209*			*12.8*	*21.4*	*17.0*	*18.6*	*10.6*	*6.0*	*26.3*

(a) Excluding special category. (b) Belgium-Luxembourg, Canada, Italy, Netherlands, Sweden and Switzerland.

Table 22. The United States[(a)]

Quarterly averages, seasonally adjusted (b)

	Gross national product	Consumers' expenditure: Durable goods	Consumers' expenditure: Other goods and services	Public spending on goods and services: Federal	Public spending on goods and services: Other	Gross private fixed investment: Dwellings	Gross private fixed investment: Other	Value of physical changes in stocks	Net foreign investment	Durable goods: Manufacturers' sales	Durable goods: Manufacturers' new orders	Building and contracting orders	Unemployment (c)	Employment (b)	Consumer prices (b)
	$ billion, at constant 1954 prices									*$ billion at current prices*			*per cent*	*millions*	*1954 = 100*
1950	79.5	8.03	46.2	6.2	5.88	3.88	8.30	1.80	−0.70	26.41	30.95	*4.6*	5.0	59.96	89.5
1951	85.5	7.30	47.4	10.4	6.03	3.23	8.80	2.43	0.03	31.13	38.03	*5.0*	3.0	61.01	96.7
1952	88.4	7.13	49.0	13.7	6.13	3.20	8.75	0.75	−0.05	32.81	35.06	*5.3*	2.7	61.04	98.9
1953	92.3	8.28	50.5	15.1	6.38	3.40	9.13	0.13	−0.63	37.13	33.10	*5.6*	2.5	61.95	99.7
1954	90.8	8.10	51.4	12.2	6.93	3.85	8.78	−0.40	−0.10	33.71	30.47	*6.3*	5.0	60.89	100.0
1955	98.2	9.90	54.1	11.3	7.43	4.55	9.55	1.53	−0.15	39.24	41.56	*7.6*	4.0	62.94	99.7
1956	100.2	9.50	56.6	10.4	7.65	4.05	10.28	1.13	0.63	41.42	43.33	7.9	3.8	64.71	101.2
1957	102.1	9.63	58.1	10.7	8.08	3.85	10.28	0.50	0.95	42.48	39.26	8.0	4.3	65.01	104.7
1958	99.8	8.93	59.4	11.0	8.60	4.05	8.63	−0.89	0	37.21	36.43	8.8	6.8	63.97	107.6
1959	106.5	10.05	61.9	11.0	9.13	4.85	9.12	1.10	−0.65	43.57	44.81	9.1	5.5	65.58	108.6
1958 I	97.8	8.80	58.4	10.7	8.43	3.85	9.00	−1.60	0.20	36.35	32.88	7.8	6.5	62.18	106.9
II	98.3	8.75	59.0	11.0	8.45	3.83	8.53	−1.33	0.03	35.26	34.50	9.0	7.2	63.98	107.7
III	100.2	8.83	59.9	11.1	8.65	4.08	8.40	−0.80	0.13	37.36	37.55	9.8	7.4	65.06	107.8
IV	102.7	9.38	60.2	11.3	8.88	4.45	8.53	0.28	−0.35	39.85	40.78	8.7	6.4	64.64	107.8
1959 I	105.2	9.70	60.9	11.2	9.10	4.83	8.70	1.43	−0.68	41.81	44.14	9.1	6.0	63.09	107.8
II	108.0	10.30	61.8	11.3	9.10	5.05	9.05	2.38	−0.88	46.45	47.17	9.7	5.1	66.12	108.4
III	106.1	10.15	62.1	11.0	9.30	4.93	9.33	−0.15	−0.48	43.51	44.21	9.1	5.4	67.06	108.9
IV	106.7	10.05	62.7	10.7	9.08	4.60	9.40	0.70	−0.55	43.93	43.59	8.8	5.8	66.06	109.3
1960 I	*109.3*	*10.15*	*63.2*	*10.9*	*9.20*	*4.55*	*9.75*	*2.00*	*−0.30*	46.28	43.47	..	5.1	64.27	109.4
1960 Jan.						5.41(d)		*2.30*		46.35	42.57	8.2	5.2	64.02	109.2
February						5.35(d)		*2.20*		47.01	44.40	8.5	4.8	64.52	109.4
March						5.15(d)		*1.50*		45.48	43.44	..	5.4	64.27	109.5
April													*5.0*		

(a) The U.S. index of industrial production is shown in table 17. (b) Employment and consumer prices are not seasonally adjusted. (c) Per cent of civilian labour force. (d) Figures at current prices.

Table 23. Balance of payments : United Kingdom and sterling area

£ million

	U.K. current transactions: Imports	U.K. current transactions: Exports	U.K. current transactions: Invisibles	U.K. current transactions: Balance	U.K. long-term capital: Inter-Government etc.	U.K. long-term capital: Other	Balancing item	U.K. short-term capital, etc.: Overseas sterling holdings: Countries: Sterling area	Overseas sterling holdings: Countries: Other	Overseas sterling holdings: Non-territorial	Reserves (a)	Other short-term capital	Sterling-area balance with non-sterling world: U.K. current balance	Overseas sterling area: Current balance	Overseas sterling area: Net capital receipts
1952	2,959	2,831	+355	+227	—	−180	+ 48	*−104*	*−254*	+ 1	+175	+87	−121	− 75	+257
1953	2,896	2,677	+398	+179	− 31	−210	+ 45	*+235*	*+ 39*	− 56	−240	+39	+ 27	+146	+151
1954	3,020	2,825	+399	+204	− 20	−220	+ 19	*+106*	*+104*	− 35	− 87	−71	− 56	+ 22	+152
1955	3,432	3,076	+264	− 92	− 53	−130	+119	*− 60*	*− 67*	− 7	+229	+61	−287	+ 7	+136
1956	3,466	3,402	+256	+192	− 51	−190	+112	− 34	−120	+200(b)	− 42(b)	−67	−154	+ 59	+158
1957	3,569	3,538	+265	+234	+ 63 (c)	−260	+160	−122	− 27	− 24	− 13(c)	−11	−133	−132	+283
1958	3,330	3,428	+251	+349	− 49	−210	+123	− 89	+169	− 22	−284	+13	− 78	−214	+392
1959	3,605	3,547	+203	+145	−358 (e)	−190	+ 40	+184	− 39	+ 82(d) (e)	+119(d) (e)	+17	− 74	+ 31	+306
1958 I	828	885	+ 84	+141	− 1	− 30	+ 97	− 69	+ 39	+ 5	−177	− 5	−10	− 95	+206
II	800	836	+ 49	+ 85	− 15	− 70	+ 56	− 2	+ 33	− 19	−110	+42			
III	845	838	+ 93	+ 86	+ 3	− 60	− 19	− 45	+ 39	+ 5	− 15	+ 6	−68	−119	+186
IV	857	870	+ 24	+ 37	− 36	− 50	− 11	+ 27	+ 58	− 13	+ 18	−30			
1959 I	865	848	+ 36	+ 19	− 19	− 30	+ 84	+ 55	− 71	− 85(d)	− 25(d)	+72	+37	+ 34	+169
II	884	901	+ 79	+ 96	−179 (e)	− 50	− 20	+ 75	− 46	+171(e)	− 12(e)	−35			
III	892	851	+ 89	+ 48	− 24	− 50	− 5	+ 27	+ 43	− 4	− 40	+ 5	−111	− 3	+137
IV	964	947	− 1	− 18	−136(f)	− 60	− 19	+ 27	+ 35	—	+196(f)	−25			
1960 I	*1,024*	*983*													
											− 16				

(a) A plus sign denotes a fall in the reserves and a minus sign a rise.
(b) U.K. acquired U.S. dollars to the value of £201 million from the International Monetary Fund (I.M.F.) in exchange for sterling.
(c) U.K. borrowed £89 million from Export/Import Bank.
(d) U.K. repurchased from I.M.F. with U.S. dollars, sterling to the value of £71 million.
(e) U.K. paid to I.M.F. a subscription of £232 million (£174 million in sterling and £58 million in gold).
(f) U.K. repaid £89 million to Export/Import Bank.

	Current U.K. import prices: Total	Food, tobacco	Industrial materials	Fuels	Exports, primary producers	Exports, overseas sterling area	Exports, Latin America	Agricultural exports of primary producers: Total	Food	Non-food	Wheat	Sugar	Tea	Coffee	Cocoa	Rubber	Cotton	Wool: Merino	Wool: Cross-bred	Copper	Softwood
											Can. $ per 60 lb.	U.S. cents per lb.	Indian rupees per lb.	U.S. cents per lb.	U.S. cents per lb.	d. per lb.	U.S. cents per lb.	d. per lb.	d. per lb.	£ per ton	Index
	1957 = 100										Average of daily or weekly prices										1954 = 100
1950	..	..	..	..	..	..	..	..	..	..	2.13	4.96	2.30	50.5	32.2	33.3	37.0	164	91	179	66
1951	..	..	..	..	..	..	..	..	..	..	2.33	5.68	2.24	54.2	35.6	50.8	42.3	199	126	220	99
1952	..	..	..	..	..	..	..	..	..	..	2.16	4.16	1.64	54.0	35.6	28.4	39.7	126	64	259	109
1953	..	..	..	..	..	..	..	..	..	..	1.86	3.41	2.00	57.9	37.3	19.9	33.8	147	75	254	99
1954	..	..	..	..	..	..	..	..	..	..	1.73	3.26	3.18	78.7	58.2	20.2	35.1	128	77	249	100
1955	..	..	..	..	..	..	..	..	..	..	1.74	3.24	3.05	57.1	37.3	33.6	34.6	107	75	351	109
1956 1st half	..	..	..	..	..	..	..	..	..	..	1.74	3.32	2.12	56.0	27.1	28.0	36.4	105	72	370	110
1956 III	102.3	105.3	104.0	90.5	102.8	101.9	105.0	99.7	100.4	98.6	1.73	3.34	2.99	60.0	28.2	26.2	34.7	118	75	297	109
IV	105.6	107.5	105.5	101.6	104.9	104.8	104.0	103.2	102.3	104.8	1.70	3.87	3.00	60.4	26.7	30.3	34.5	124	80	279	109
1957 I	105.5	104.4	104.5	111.0	104.6	103.7	104.5	105.1	105.3	105.0	1.69	5.86	2.56	60.3	23.1	27.0	35.2	133	84	250	111
II	101.8	101.3	102.6	100.7	102.3	102.6	102.9	103.2	102.0	105.0	1.65	6.23	2.17	57.8	27.2	27.0	35.4	137	90	236	110
III	98.5	99.2	99.2	94.8	98.9	99.6	98.2	99.7	99.6	99.8	1.62	4.65	2.91	54.4	32.2	26.4	35.1	125	84	207	110
IV	94.3	95.2	93.7	93.6	94.2	94.1	99.5	93.4	95.2	90.4	1.61	3.84	2.51	54.1	39.6	24.0	35.7	105	74	185	109
1958 I	94.1	97.0	91.9	92.8	91.9	93.0	90.8	92.1	95.7	86.5	1.64	3.57	2.27	54.6	43.5	22.9	36.1	98	65	168	107
II	94.6	100.2	90.6	91.4	91.6	93.4	89.5	91.2	96.3	83.1	1.61	3.45	2.56	50.3	46.8	22.3	36.3	95	58	183	104
III	95.2	101.5	90.6	91.7	91.0	92.2	89.2	90.0	95.0	82.2	1.64	3.49	3.09	45.9	45.7	23.6	36.3	86	56	205	101
IV	95.7	102.8	90.8	91.1	90.3	91.4	87.3	88.2	92.9	80.6	1.64	3.48	2.35	43.5	41.5	25.2	36.1	76	56	233	97
1959 I	94.5	101.9	90.3	87.4	88.9	91.4	83.8	86.5	90.7	79.7	1.68	3.14	2.12	39.5	37.7	25.5	35.7	76	58	238	95
II	94.7	100.0	93.7	84.6	92.6	96.6	85.6	91.2	91.6	90.8	1.68	2.88	2.18	37.0	37.6	28.5	36.1	93	67	235	95
July	95.0	101.6	92.9	84.3	91.9	95.5	85.9	90.7	90.0	91.9	1.67	2.67	2.80	37.5	36.3	28.9	34.7	93	68	221	95
August	95.8	102.2	94.6	83.5	93.4	97.8	86.5	92.4	90.1	96.0	1.66	2.81	2.84	36.5	37.7	31.4	33.2	102	74	233	95
September	97.2	104.5	95.7	83.6	94.3	98.2	88.3	93.1	91.4	95.7	1.65	3.11	2.54	34.8	38.0	32.9	33.0	98	72	230	95
October	97.7	104.3	97.1	83.6	93.8	97.8	86.9	92.2	90.9	94.4	1.64	3.07	2.47	35.3	36.8	34.2	32.8	96	73	242	96
November	97.6	103.1	97.9	83.6	94.8	99.3	85.9	93.4	89.8	99.0	1.65	2.95	2.55	36.9	33.8	36.4	33.0	93	72	250	97
December	98.7	105.1	98.6	83.7	95.3	100.1	86.0	93.7	90.6	98.6	1.66	3.00	2.60	36.2	31.7	35.2	33.0	97	76	255	98
1960 Jan.	99.1	104.9	99.5	83.8	96.3	100.4	86.9	94.7	91.5	99.7	1.66	2.97	2.50	36.4	29.8	35.1	33.0	96	76	259	100
February	97.8	102.3	99.1	83.6	95.4	98.6	86.6	93.3	90.6	97.7	1.66	3.02	2.40	37.1	28.8	34.1	33.0	94	74	267	102
March	96.7	100.9	98.5	82.0	94.6	98.0	86.4	92.6	89.4	97.7	1.65	3.06	2.10	37.0	27.2	34.5	33.0	93	73	254	103
April	96.8	100.3	99.3	82.2	95.1	99.2	86.6	93.0	88.9	99.6	1.66	3.04	2.10	37.0	28.1	34.9	33.0	99	75	261	*103*

(a) See *National Institute Economic Review*, No. 1, page 32, and No. 5, pages 69-70.

Table 25. Gold and foreign exchange reserves (a)

$ billion

	Industrial countries: Total	U.S.A.	Canada	U.K.	Continental O.E.E.C.	Western Germany	France	Italy	Netherlands	Belgium	Japan	Primary producing countries: Total	Sterling area countries	Australia	New Zealand	India	Pakistan	South Africa	Malaya	Oil producers	Latin America excl. Venezuela
1954	37.30	21.79	1.95	2.76	10.06	1.97	1.26	1.04	1.11	0.87	0.74	11.18	5.09	0.94	0.24	1.78	0.33	0.42	0.40	0.89	2.57
1955	38.14	21.75	1.91	2.12	11.59	2.37	1.91	1.24	1.11	0.96	0.77	11.12	4.73	0.67	0.18	1.79	0.37	0.36	0.48	1.02	2.62
1956	39.03	22.06	1.94	2.13	11.96	3.37	1.18	1.31	0.96	0.97	0.94	11.45	4.48	0.71	0.19	1.36	0.37	0.37	0.46	1.53	2.71
1957 I	39.20	22.41	1.93	2.21	11.92	3.55	1.06	1.30	0.94	0.88	0.74	11.59	4.67	0.87	0.21	1.35	0.38	0.38	0.45	1.48	2.76
II	39.82	22.73	1.95	2.38	12.24	3.81	0.99	1.35	0.92	0.89	0.51	11.63	4.60	1.03	0.27	1.20	0.33	0.35	0.44	1.82	2.67
III	39.38	22.76	1.90	1.85	12.41	4.18	0.68	1.43	0.86	0.89	0.46	11.19	4.28	1.06	0.24	0.99	0.29	0.30	0.44	1.93	2.45
IV	40.03	22.86	1.84	2.27	12.54	3.95	0.65	1.53	0.97	1.00	0.52	10.77	4.07	1.05	0.14	0.87	0.29	0.29	0.43	1.95	2.34
1958 I	40.67	22.49	1.88	2.77	12.90	3.97	0.70	1.61	1.15	1.07	0.63	10.19	3.91	1.03	0.12	0.81	0.32	0.25	0.42	1.76	2.12
II	40.67	21.41	1.93	3.08	13.53	4.13	0.76	1.71	1.20	1.19	0.72	9.84	3.65	0.98	0.14	0.70	0.28	0.21	0.42	1.81	2.07
III	41.33	20.93	1.90	3.12	14.62	4.35	0.95	2.05	1.25	1.28	0.76	9.41	3.49	0.90	0.16	0.63	0.23	0.25	0.42	1.59	2.08
IV	41.98	20.58	1.95	3.07	15.52	4.52	1.05	2.32	1.39	1.34	0.86	9.81	3.71	0.91	0.19	0.64	0.26	0.32	0.46	1.59	2.03
1959 I	41.91	20.49	1.90	3.14	15.42	3.97	1.25	2.50	1.42	1.30	0.97	*10.01*	*3.89*	0.90	0.22	0.70	0.26	0.33	0.46	1.60	2.12
II	42.12	19.75	1.94	3.17	16.16	4.01	1.63	2.77	1.37	1.36	1.11	*9.99*	*3.93*	0.97	0.25	0.65	0.27	0.33	0.46	1.53	2.17
III	42.66	19.58	1.95	3.28	16.64	3.90	1.86	3.17	1.38	1.33	1.21	*10.08*	*4.05*	0.94	0.27	0.63	0.29	0.38	0.48	1.37	2.26
November	42.49	19.62	1.87	2.97	16.70	4.24	1.79	3.27	1.35	1.23	1.29	*10.10*	*4.17*	0.98	0.25	0.68	0.29	0.41	0.50	1.21	2.21
December	42.52	19.51	1.88	2.74	16.89	4.47	1.72	3.29	1.35	1.22	1.32	*10.26*	*4.23*	1.00	0.22	0.69	0.30	0.43	0.51	*1.31*	2.28
1960 Jan.	42.18	19.49	1.87	2.68	16.80	4.39	1.74		1.36	1.24	1.33		*4.25*	1.03	0.21	0.68	0.31	0.44	0.51		
February	*42.34*	19.47	1.87	2.72	*16.96*	4.46	1.78		1.38	1.26	1.32		*4.21*	1.02	0.22	0.66	0.31	0.42	0.52		
March	*42.74*	19.46	1.86	2.78	*17.28*	4.63	1.85		1.38	1.29	1.36			*1.01*	0.23	0.66	0.30	0.41			
April		*19.36*		2.83		4.89	*1.93*				1.36			*1.01*	*0.26*			*0.36*			

(a) At end of period.

NOTES ON STATISTICAL APPENDIX

GENERAL NOTES

Country groups

The following country groups are used ; they include all the countries listed against them, unless stated otherwise.

Industrial countries : USA, Canada, UK, Continental OEEC, and Japan.

North America : USA and Canada only.

OEEC : Austria, Belgium-Luxembourg, Denmark, France, West Germany, Greece, Iceland, Irish Republic, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, UK.

Continental OEEC : Excludes sterling area countries—Irish Republic, Iceland, and UK.

Western Europe : Continental OEEC, Yugoslavia and Finland.

Primary producing countries : All countries not included as industrial countries above, except for Eastern area, Yugoslavia and Finland.

Overseas sterling area : The British Commonwealth (except Canada), British Trust Territories, British Protectorates and Protected States, Burma, Irish Republic, Iceland, Jordan, Libya, Muscat and Oman.

Latin America : Central America, including Mexico but excluding the Panama Canal zone, and South American countries excluding European possessions.

Oil-producing countries, sterling : British-protected Persian Gulf States (including Kuwait) and Aden, Sarawak, Brunei and Trinidad.

Oil-producing countries, non-sterling : Iraq, Iran, Saudi Arabia, Venezuela and the Netherlands Antilles.

Other primary producing countries : All primary producing countries not included elsewhere.

Eastern area : Albania, Bulgaria, Czechoslovakia, Eastern Germany, Hungary, North Korea, North Vietnam, Poland, Roumania, Union of Soviet Socialist Republics, and the People's Republic of China.

Valuation of imports and exports

Imports are valued c.i.f. and exports and re-exports f.o.b. unless otherwise stated.

Seasonal adjustments

A number of monthly and quarterly series have been adjusted to eliminate the estimated normal seasonal variations. The procedures used and the reliability of the adjustments were described in the article ' Seasonal corrections ' in the September 1959 issue of the Review (No. 5), on pages 50-56. Additional seasonal correction factors were given on page 61 of the November 1959 issue (No. 6) and page 59 of the January 1960 number (No. 7). The main point to be noted is that all seasonally adjusted series must be regarded as containing a margin of uncertainty, depending in particular on the extent to which seasonal variation can be shown to have been regular in the past.

NEW OR REVISED SERIES

(*Full definitions and explanations were given in the National Institute Economic Review, number* 8, *March* 1960, *pages* 52-56. *An article on pages* 36-38 *of the Review, number* 1, *January* 1959, *explained the figures in table* 14 *for stock changes of imported commodities, and an article on pages* 32-35 *of that number explained the NIESR price index numbers in table* 24. *The notes below only describe revisions or new series.*)

Table 1. Gross domestic product

New seasonal adjustments have been adopted for the four following items: public authorities' current expenditure ; exports of goods and services ; imports of goods and services, and the adjustment to factor cost. The new adjustments have been calculated now that full quarterly data for 1959 have become available. (*Economic Trends*, April 1960.)

The new index of agricultural net output compiled by the Ministry of Agriculture, Fisheries and Food, and recently published in *Economic Trends*, March 1960 has, for the period it covers, been used in table 1 and incorporated in the overall estimates of gross domestic product.

Table 3. The labour market

There have recently been two major changes in official employment figures. First, following the results of the full employee count for May 1959 (*Ministry of Labour Gazette*, February 1960) all series have been revised, generally upwards ; these revisions, which go back to September 1958, have now been fully incorporated in this table. The second change has been the adoption of the 1958 Standard Industrial Classification. Official figures are given on the new basis back to May 1959. For periods before May 1959, figures on the old 1948 classification are linked to the new ones by using the period for which the two series overlap, from May to December 1959. Comparisons of current figures with figures before May 1959 should be made with caution.

Table 5. Productivity

The index numbers have been revised. For industries the figures refer to output per employee, but for the gross domestic product the index of output has been divided by the total in civil employment (including self-employed) *plus* members of the Armed Forces.

Table 7. Wages, profits and other costs

As the Central Statistical Office now publishes seasonally adjusted estimates of profit incomes (*Economic Trends*, April 1960), these estimates have been adopted in this table.

Table 9. Fixed investment

The series for 1958 and 1959 have been amended to include revisions to the official series (*Preliminary Estimates of National Income and Expenditure* 1954 *to* 1959, Cmnd. 988, and *Economic Trends*, April 1960).

Table 12. Changes in the volume of stocks

The figures have been revised in the light of the new official estimates (*Economic Trends*, April 1960).

Table 17. World industrial production

France : The annual index numbers of French industrial production do not necessarily correspond to the monthly or quarterly figures ; the annual indices cover more industries than the monthly and quarterly ones.

U.S.S.R. : The index numbers of industrial production measure the change in the gross, not the net, value of industrial output.